Paris, Monday, May 30, 1994

# The 'Perception Gap' Blurs Picture in Bosnia

# What the UN Sees as Move to Peace May Instead Be a Step Toward War

By John Pomfret

TRAVNIK, Bosnia-Herzegovina — Lieutenant General Sir Michael Rose, the commander of United Nations troops in Bosnia, took a delegation of NATO officers to meet General

Mehmed Aligic early last week.
At the appointed time, the Bosnian Muslim general hurst into the room, sucked in his formidable stomach and jerked his right hand

into a snappy salute.
Nonplussed, General Rose extended his arm to shake the Bosnian's hand. The UN commander, a hy-the-books British officer, does not salute a man not wearing a hat. But General Aligic - gloriously incorrect, and one of the most successful military leaders of the mostly

Muslim Bosnian army — refused a handshake. The NATO commander for Southern Europe. Admiral Leighton Smith, stepped in and saved everyone a hit of face, participants in the meeting recalled. Looser American rules allow hatless salutes. General Aligic, his salute re-turned and his pride intact, settled into his seat

and the meeting began.

The brief standoff in this beautiful Bosnian town dramatized the gap in understanding be-tween officers of the UN operation here and the military men of the warring Bosnian factions.

Denizens of different cultures and different worlds, using different maps to fight different wars according to different rules, they can nei-ther shake hands nor salute when they meet.

The ramifications of this gap in perception are significant, affecting everything in Bosnia from the peace process in Geneva to cease-fire agreements on the ground. It is one of the reasons why what seems to be a step toward peace in UN eyes can, in other eyes, turn out to

be a stumble toward more war. General Rose, born 53 years ago in Quetta, then a British colonial garrison town in what is now Pakistan, cites the Prussian military thinker Karl von Clausewitz to sum up his evaluation of this conflict. "The war," he said with the firm belief of a former war college commandant schooled in the logic of NATO strategy, "has long ago reached its limit of exploitation." General Aligic, 47, part Turkish vizier, part Communist commissar, trained in the arts of

protracted struggle in a culture where Occident and Orient collide, begs to disagree.

"We don't make war here on the hasis of

General Rose predicted, for example, that his masterpiece, a successful cease-fire around Sarajevo that rode on the back of a NATO ultimaturn last Fehruary, would spread rapidly across Bosnia. Instead, it was followed by a decision hy the Bosnian Serh military leader. Ratko Mladic, to attack the UN "safe area" of Gor-

azde, precipitating another crisis. One of the great successes of the UN operation in Bosnia, hammered out in tandem with American diplomatic efforts, was the March peace settlement between Croat and Muslim factions that fought a war for more than a year in central Bosnia in parallel with the main conflict pitting the Muslim-led government against Serb secessionists.

Lieutenant Colonel John McColl, commander of British forces in the region, General Rose and the American diplomats and military officers who brokered the accord saw it as the beginning of a process that would spread into the 72 percent of Bosnia held by the Serbs.

Charles E. Redman, U.S. special envoy to the Bosnian peace talks, says that now that Muslims and Croats have stopped fighting, they should sign a peace agreement that would give them 51 percent of the country and the Serhs 49

But General Aligic commands a corps of Bosnian fighters at least half of whom lost their homes in Serb ethnic cleansing. He tends to see the Muslim-Croat deal not as a harbinger of peace but as the facilitator of more war.

"The federation means open roads," he said.
"Open roads mean guns. And that means my men can go bome."

While General Rose was telling him that continuing the war was "pointless," Muslim infantry and Croat tanks were attacking Bosni-Serb positions near Tesanj, northeast of Travnik, in a joint probe marking the first time in more than a year that the Croat militia had fought alongside Muslim forces in central Bos-

General Rose called the fighting "minor skir-mishes." Bosnian commanders view the renewed cooperation as steps toward bigger ones.

One of the goals of the Tesanj attack appears to be to cut a road running south from the Serbheld town of Teslic that supplies Serb gunners on Mount Vlasic, a peak overlooking Travnik. General Aligic's men have recently attacked



Mr. Solzhenitsyn leaving Vladivostok on Sunday to visit Popov Island with sons Yermolai, left, and Stephan and his wife, Natalia.

# How Will Russia Find Solzhenitsyn?

By Serge Schmemann New York Times Sernee

VLADIVOSTOK, Russia — In one of his early short stories, "Matryona's Home," Alexander I. Solzhenitsyn wrote a hauntingly prophetic passage about a prisoner coming home from the labor camps.

"In the summer of 1953 I was coming back from the hot and dusty desert, just following my nose — so long as it led me back to European Russia. Nobody waited or wanted me at any particular place, because I was a little matter of 10 years overdue. I just wanted to efface myself, to lose myself in deepest Russia ... if it was there.

Vermont is no hot and dusty desert, and the 10 years turned to 20. But Mr. Solzbenitsyn is in a sense following his nose back to European Russia as he begins a trek across Siberia for which he has no plan or schedule.

The question is whether there is a Russia that awaits or wants him, and whether his

"deepest Russia" is still there. Mr. Solzhenitsyn has left no doubt of his ardent longing to devote his accumulated authority and his final years to helping his beloved rodina, his motherland, recover from "the plague of

But in the first formal press conference he

Kiosk

#### **NEWS ANALYSIS**

has ever held in his homeland he was far stronger on criticism than on constructive ideas. In fact, he had nary a good word to say.

Walking through the Saturday market in the main square of Vladivostok, he noted not the abundance but the prices, which he said made his eyes "pop out of my head.".

The adoption of foreign words into Rusan reflected "an illness of our soul." Yegor . Gaidar's reforms were "brainless." Mikhail S. Gorbachev's perestroika was "hypocri-sy." Russia's politics were a "false democra-

cy. The new states around Russia were artificial and were oppressing Russians. Political parties were a "hoax."

Most Russians would probably agree with much of the above, and there were a few bursts of appreciative applause at the press conference. But it no longer takes a dissident to criticize Mr. Gaidar or to bemoan prices, and these were complaints heard constantly in the streets.

What Mr. Solzhenitsyn offered on the positive side of the ledger were some vague ideas on democracy - a strong central government and strong local governments, honorable candidates — and proposing a self-critical, nonaggressive patriotism as Russia's unifying

True, the writer is only at the start of his odyssey across Russia, and he said he was prepared to shape and revise his views. And there were intellectuals, most notably Mik-See RETURN, Page 5

# Effort to Stop North Korean **Nuclear Plans** Nears Collapse

Missile Test Is Predicted Over the Sea of Japan; Inspectors Return Ĥome

By David E. Sanger

New York Times Service

TOKYO—The Clinton administration's latest plan to stop North Korea's nuclear program appeared on the verge of collapse Sunday after the North declared it would "never allow outsiders to derail its nuclear plans, and interpational inspectors left the Communist country

national inspectors left the Communist country saying their efforts had failed.

The move came as reports here indicated that North Korea appeared to be preparing to test a new medium-range missile over the Sea of Ja-

pan. In the past, the CIA has said the North's extensive missile program is part of an effort to prove that its nuclear arsenal could strike all the prove that its indicted a section of the last major cities in Japan and South Korea. The last test was a year ago, and prompted alarm here after the missile, which was not armed, landed

near Japan's west coast.

Taken together, the latest events suggest that U.S. officials may have been too optimistic last week when they expressed confidence that a new approach to North Korea — including an offer of high-level talks about diplomatic and economic links that the North has long sought —could break a yearlong impasse over keeping the Korean Peninsula free of nuclear weapons.

The fact of the matter is that we don't really understand what they are doing," said a U.S. official based in Asia who follows the situation closely. "They may be toying with us, or they pear Japan's west coast.

official based in Asia who follows the situation closely. They may be toying with us, or they may have suddenly decided that they have to save the nuclear program at all costs. Reacting to North Korea's hard line, U.S. congressional leaders, in broadcast interviews Sunday, offered a range of diplomatic and military steps to convey American resolve. Each indicated that the United States should not back away from its demands on the North.

not back away from its demands on the North. [Senator Sam Nunn, a Georgia Democrat who is the Senate's top military affairs expert, suggested that a further strengthening of U.S. forces in South Korea would be needed as the UN moves to impose economic sanctions on North Korea.

Others recommended even closer coopera-tion with China and Japan. Senator Bill Bradley, a New Jersey Democrat, said two potential vises on North Korea were the North's reliance on husiness in Japan for hard currency and on China for electric power. He also sug-gested a high-level military contact by U.S. officers with the Japanese military and that North Korea be informed of the contact by news leak. This signal, by its very ambiguity, could be effective, he said.

[Newt Gingrich of Georgia, a Republican ader in the House, urged closer cooperation with China and Japan as he warned that the

situation had become extremely serious. choices: causing a war, which would bring about the North's destruction; defying the international nuclear inspection regime, which would lead to sanctions and possible financial and social collapse; and accepting international nuclear oversight, which would open the North to trade and contact with the rest of the world.]

While the talks with North Korea over the last year and a half have often seemed an endless cycle of optimistic predictions followed by warnings of impending confrontation, they have never before seemed to carry so much

The International Atomic Energy Agency. which dispatched an inspection team to observe the removal of fuel rods from its main reactor at Yongbyon, says that the North is within days of obliterating evidence of how much nuclear fuel has been diverted to its weapons program. Washington has said that if the evidence is destroyed, it would have no choice but to seek

With the collapse of the talks with the atomic energy agency, an arm of the United Nations, the Security Council was considering a meeting to issue another warning to the North. But it is unclear whether China, which has veto power. would back the economic sanctions it has con-

sistently opposed.

A call for sanctions would be a major reversal for the State Department, which just two weeks ago began a new effort to engage the North. Both South Korea and Washington dropped several conditions they had required North Korea to fulfill before another round of talks on diplomatic and economic ties. But from the start, many U.S. officials have

viewed the diplomatic engagement of the North as an exercise in self-deception that ignored evidence that Pyongyang would push ahead with its nuclear program.

That argument has gained credence as the

North speeds ahead on replacing more than 8,000 fuel rods, a process that ultimately could produce enough fuel for four or five nuclear

weapons.
The agency announced Sunday that officials sent to Pyongyang to negotiate had returned to Vienna after the North "rejected all IAEA proposals put forward with the aim of maintaining the IAEA's ability to select, segregate and secret fuel rods."

# For Palestinians, Promised Aid Is Elusive

By David Hoffman

Washington Post Service BEIT HANINA, West Bank - Inside the nerve center for Palestinian economic revival Deputy Managing Director Hasan Abu Libdeh

is waiting for the phone to ring.

In fact, he's still waiting for the phone to be installed. So far, the Palestinian Economic Council for Development and Reconstruction, the agency set up to translate hillions of dollars in foreign aid into jobs and prosperity for Palestinian self-rule, does not have a single telephone line.

The Palestinians say (srael's military government in the West Bank is blocking their request for telephones. The military government says it is a problem of poor West Bank infrastructure. Either way, it is a clue to the uncertainty swirl-

ing around the ambitious dreams of Palestinian economic renewal and the global rescue plan that is supposed to make it happen.

After the self-rule accord was signed in Sep-tember between Israel and the Palestine Libera-tion Organization, nations around the world promised to help the nascent Palestinian Aud after 27 years of Israeli occur tion. At a U.S.-sponsored conference in Washington, \$2.1 billion was pledged to the Palestinians over five years, including \$600 million for the first year.

Seven months later, the global rescue program is looking more like a mirage. So far, only a tiny fraction of the money has trickled in. And now that the Palestinians and Israelis have started to implement their agreement, the Palestinians are facing enormous financial prob-

lems that they are woefully unprepared to solve. For now, Palestinians in the street are still celebrating the arrival of their own police force in the Gaza Strip and the West Bank town of Jericho. But the best and brightest Palestinian technocrats are deeply worried about what will happen when the celebrations fade, when the on the street discover that the government under their own flag cannot deliver the same services that the Israeli occupiers did.

"We'll be drinking a lot of unsweetened cof-fee." Mr. Libdeh said. "It will be the real life." The reasons why the money has not yet started flowing from abroad are complex and belp illuminate the uncertain nature of the new Palestinian experiment.

Yasser Arafat, the PLO chairman, who sin-See MONEY, Page 5

# Rwanda Killing's End: A Rebel Victory?

By Keith B. Richburg

Washington Post Service NAIROBI - With the world horrified by the bloodshed in Rwanda but paralyzed by confusion, indecision or fear, many aid officials, human-rights advocates and Africa watchers now are hoping for a victory by rebel forces to end the tumult.

Such a scenario now seems likely, with the Rwandan Patriotic Front rebels improving their positions in neighborhoods around the capital. Kigali, while advancing on the town of Gitarama, headquarters of Rwanda's rump

With the rebels occupying much of Kigali, including the international airport, the fall of Gitarama would make a complete victory for the repels all but certain, leaving them in con-

trol of most of the country except the west and southwest. That would allow the rebels to dictate the terms of a cease-fire and would leave them in a position to try to form a government.

Many who have watched Rwanda's horrors

say a rebel victory would relieve foreign govern-ments of witnessing mass slaughter while failing to muster the political will to try to stop it. There is some thinking that if the rebels win, maybe that would take care of the problem for

now," said Pauline Baker, a scholar on Africa with the Washington office of the Aspen Insu-She said some African policymakers were harking back to the "Ethiopian scenario" of May 1991, when the Bush administration virtu-

ally invited an advancing guerrilla army to enter the Ethiopian capital, Addis Abana, as a

way of ending that country's long civil war while providing for an orderly transition after the fall of the dictator, Mengistu Haile Mariam. Another Rwanda scholar, interviewed in Brussels, said a rebel victory "is what everybody is hoping for." But this scholar said that policy might in the

long term prove "very unwise," since it was unclear how the rebels, representing Rwanda's long-oppressed Tutsi minority, would be able to form a broadly representative government. "The RPF looks like the angel in this thing," she said. "But to let the RPF win creates anoth-

er Burundi, where you have a tiny minority in The populations of both Rwanda and Burun-

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# The Unmaking of Clinton's China Policy

New York Times Service

The following article is based on reporting by Thomas L. Friedman, Elaine Sciolino and Patrick E. Tyler and was written by Ms. Scioling. WASHINGTON - Warren M. Christopher

was in China, and the president was furious.
The secretary of state's high-profile trip in viarch was supposed to have been the capstone of the administration's strategy of working intensively with Beijing to resolve their dispute over human rights.

Instead, things were getting worse by the day. Mr. Christopher was trading insults with the Chinese authorities, who were preoccupied with their annual National People's Congress. and he was facing harsh criticism from the U.S. Chamber of Commerce in Beijing.

As President Bill Clinton watched his China

policy heading over a cliff, he exploded in front

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#### **Business Looks Good**

American companies and Chinese officials acted swiftly over the weekend to expand trade relations following President Clinton's decision to renew Beijing's special trade sta-tus. Among those industries affected are: civil aviation, insurance and oil. (Page 19)

of aides in the Oval Office, "What the heil is Chris doing there now?"

The president's outourst, say aines, reflected his frustration not only with his secretary of state but also with a policy that seemed to be turning from a success into a tar haby.

In the end, Mr. Clinton would renew China's trade privileges and abandon an agonizing annual ritual of linking renewal of trade benefits to improvements in Beijing's human-rights per-

The story of how he got there, reconstructed in interviews with senior administration officials, legislators and business and human-rights leaders, is a tale of broken campaign promises and fierce interagency nattles, secret diplomacy and 11th-hour indecision.

Mr. Clinton decided on the central issue of extending the trade benefits months before his announcement last Thursday, although he was

still changing his mind about the details until

When Mr. Clinton began his presidential campaign, his views on China were shaped as much by his immediate political needs as by arguments about geopolitics.

The Senate majority leader, George J. Mitch-ell of Maine, and the AFL-CIO favored using the threat of withdrawing "most favored na-tion" benefits from China if it did not improve its human-rights record. Candidate Chinton, who needed their support to win the Democratic Party nomination, was not about to contra-

When it came time for the new president to draw up his policy last year, Mr. Mitchell and his allies in Congress threatened to pass legisla-tion withdrawing China's trade benefits if Beijing did not do more to ease repression. To head off such a law, with its inherent inflexibility, Mr. Clinton asked his aides to draft an executive order that would mollify the Democrats in Congress but remain vague enough to allow the

president to change course a year later. With no senior member of the administration opposing the idea, Mr. Clinton signed Presidential Executive Order 12850 at the White House on May 28, 1993. It renewed China's trade benefits for another year but said China must meet two "mandatory" conditions to win another extension in June 1994; end restrictions

See POLICY, Page 5

elegant reception chamber.

Well, sort of.

# Mr. Horn, wearing a brace for injuries in a car crash, leaving a voting booth Sunday. Hungary Ex-Communists in Majority.

BUDAPEST (AFP) - Hungary's former Communists won a parliamentary majority of at least eight seats Sunday in runoff elections after four years of conservative rule, the national election center said.

Revamped as the Hungarian Socialist Party and led by Gyula Horn, the foreignminister in the Communist government that fell in 1989, the former Communists were certain of getting 197 seats out of 386 in the National Assembly, with 99.92 percent of the vote in, the center said.

Hungary thus appeared set to join Poland in shifting back to the left in a backlash against the pain of market-oriented reforms.



the United States in the half-century since D-Day, a German, Frank Schirmacher of the Frankfurter Allgemeine Zeinung, and American, Richard Grenier, a columnist for The Washington Times, examine the conflicts of culture. Page 6.

# Taking Tea With the Emperor, Correctly

Washington Post Service
TOKYO — Hushed and respectful, wearing our best suits, nervously reviewing our lessons on imperial etiquette, we stood stiffly at our assigned spots on the thick green carpet of the

Suddenly, the rice-paper doors slid open, and muffled steps could be heard coming down the long palace corridor, "Remember," an earnest gentleman from the Imperial Household Agen-cy hissed, "this is a social occasion."

16-day royal visit to the United States next month, Japan's soft-spoken Emperor Akihito and his wife, the even softer-spoken Empress Michiko, invited a group of American journalists to take tea beneath the graceful fluted roofs of the Imperial Palace.

Beforehand, the reporters were required to attend a one-hour lecture on court history and protocol by the deputy grand master of ceremony, who sternly adjured us not to carry cameras. recorders or even notebooks into the royal

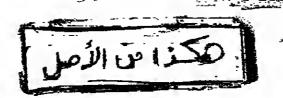
Throughout the 40-minute session with the emperor and the empress, an extremely nervous With final preparations under way for their corps of courtiers and palace bureaucrats kept

stood only in the right places and spoke only at the right times.

And yet the handsome, stylish imperial couple radiated such charm that they managed to give the imperial tea the feeling of a "social occasion" after all.

Relaxed and natty in his trademark doublebreasted suit, with a pure white handkerchief folded into three perfect peaks in his breast pocket, the gray-haired Akhito now in his pocket, the gray-carry and the chrysanthemum Throne, the world's oldest ancestral monarchy — seemed

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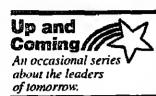


# Former Policymaker Opts for Hands-On Health Care

By Paul F. Horvitz International Herald Tribune

BOSTON - To understand Atul Gawande, find the place where medicine, politics and Mohandas K. Gandhi intersect. In Mr. Gawande's case, that turns nut to be in close proximity to the White House, Very close,

His journey, through 28 short years of life, from a Hindu upbringing in small-town Ohio to a pivotal role in the creation of America's health-care future, is a



tale of intense energy, undisputed intelligence and prodigious good

In mid-1992, as a campaign lieutenant for Governor Bill Clinton, be became a key figure in political attack nne of the most potent domestic issues propelling Mr. Clinton to the presidency: bealth-care reform.

He also, therefore, helped cre-ate one of the thorniest policy questions ever to face a U.S. president: how to achieve meaningful bealth reform in an ntmosphere of hare-knuckle politics and en-

Today, as he contemplates that exhilarating and frustrating year inside the Clinton campaign "war room" in Little Rock, Arkansas, and then in Washington, Mr. Gawande can say with nuthority. 'It blows my mind."

He is a student now, back in the calm of Harvard Medical School, making the relatively mundane decision whether to become an internist, surgeon or obstetrician. policy arena, giving talks or writ-tice, just like his parents.

ing articles. Memories from the political battlefield remain fresh. "It's a dream," he said in a recent interview. "To have come fram where I've come from, bad no concept of what the possibilities could have been along the way and having seen at the end of 28 years all the things that I've been

able in see. "Part of it is having been able to sit there with the president of the United States discussing how we're going to solve these prob-

"What's funny is I get that same feeling when I'm in the emergency room and someone has been shot or in a terrible car accident, and you're learning what to do to save these people's lives and make this incredible impact in their lives. "I get the same feeling - al-

When Mr. Gawande refers to "where I've come from," he does not mean only Ohio. It might be equally accurate to start in the western Indian states of Maharashtra and Gujarat, There, his parents, Atmaram and Sushila. were reared amid the nonvinlent struggle for independence led by Gandhi, a figure revered in the Gawande home. Later, Sushila Gawande would recall how the movie "Gandhi" had profoundly influenced her son in high school.

She and Atmaram traveled to the United States for medical training, met in New York, married and decided to stay. Born in Brooklyn's melting pot, Atul was sent to a Jewisb nursery school, then a Roman Catholic school. then a nonsectarian private school before the family moved to Ohin. His father set up a urology practice, and his mother practiced pe-

By the time be left for college, he said, his path was clear. The boy who had proudly carried his mother's pager would study medi-But be still circulates in the health cine and return to Ohio to prac-



Atul Gawanda on medicine and politics: 'Making an impact.'

Stanford University changed all that, Mr. Gawande recalls. The world looked much larger. The year was 1984. Gary Hart was running for president, and Mr. Gawande signed nn as a vnlunteer. There were anti-apartheid

pleasure with his nwn brand of Westpolitik toward Bonn, tapping

demonstrations in join. He chose to major in two subjects, politicalscience and biology.

And it was at Stanford that he met his future wife, Kathleen Hnison. They were married in 1992 in a Hindu-Episcopalian cercanony, taking their vows from an adaptation written by Gandhi. "His teachings form the basic values with which my parents really tried in raise me," Mr.

drawn in a new presidential cam-paign, then-Senator Al Gore's illfated 1988 attempt. The Gore connection led to considerable health-care research in the Washington office of another Tennes-James Cooper, who is sponsoring a major alternative to the White House health-care bill.

Like Mr. Clinton before him, Mr. Gawande won a Rhodes Scholarship in study at Oxford. In England, he raised money for Nelson Mandela's African National Congress and wrote a thesis about Indian-African relations in Natal, South Africa, where a young law-yer named Gandhi first vowed to battle social injustice.

Two years into his medical training at Harvnrd, Mr. Gawande was diverted by the candidacy of Mr. Clinton. He wrote a chum from the old Gore cam-paign, Bruce Reed, and volun-teered. Mr. Reed, then Mr. Clinton's top domestic policy aide and now a White House official, perstaded Mr. Gawande to take on a a full-time campaign job, beefing up a vague Clinton health plan.

"Young eager and smart" is how Mr. Reed characterized the new aide. "He was able to steer the campaign clear of all the diffi-cult rocks on the health-care is-

It was bloody political combat on four hours sleep n night, Mr. Gawande recalls. There were political blunders and "mistakes of immaturity," he concedes. But be is philosophical, saying, "Proba-bly the best lesson I learned is that you can bounce back from mis-

tic faxes, speech drafts and briefings all focused on an address Mr. Clinton was to give in New Jersey on Sept. 24, 1992. Mr. Clinton unveiled a newly detailed health Soon after graduation, he was reform plan that day to fend off damaging attacks by the cam-paign of President George Bush. The speech was the lead story the next day in The New York Times.

After slipping on the health issue all summer, Mr. Clinton see Democrat, Representative showed his command of the subject in debates and won on Election Day with a surprisingly large number of voters who said health care was their primary concern.

But shifting from campaigning to governing proved daunting. Mr. Gawande says it was like leaving the front-line skirmishes for "the long slog."

Fram the "war room," he moved to Washington and became a senior adviser in the Department of Health and Human

When the White House gath ered n huge health-care task force in draft legislation. Mr. Gawande directed one of its three committees. He had 75 people working for him and was charged with devising a benefits package for all Americans, government subsidies for small businesses and the poor, a health insurance requirement for employers and a new policy to fold the huge Medicaid program for poor Americans into the over-

Much of the benefits package will probably become law, but the rest is undergoing radical legislative surgery in Congress.

Mr. Gawande returned to med-

ical school last winter because, he says, "That was where my heart was in the lnng haul."

"I want to be a good doctor," he says, but in the same breath adds: "But I've never been able to stay akes."
disengaged from the political pro
His most anxious campaign cess and policy for very long."

# WORLD BRIEFS

#### Saddam Dismisses Prime Minister

BAGHDAD (Renters) - President Saddam Hussein of Iraq dismissed his prime minister on Sunday and took over as head of government to tackle a grave economic crisis. The ruling Revolution Command Council said the change was needed because of the "unjust" United Nations embargo and "the need for special effort on economic issues to protect the living standards of the accele."

the living standards of the people."

Prime Minister Ahmed Hussein was dismissed after the Iraqi dinar plunged to new lows, sparking n direct attack on him hy a newspaper published by Mr. Saddam's son, Uday. The newspaper, Babel, blamed

the government for the currency's fall.
"Is this the curse of senctions or the curse of confusion?" Babel asked. saying the poor were facing death. The price of one egg is 13 dinars, a kilogram of tomatoes is 20, a kilogram of chicken 340, a onions 60, a kilogram of mutton 350." A junior Iraci government clerk carns about 500 dinars a month, a professor perhaps 2,000 dinars.

## China and Russia to Strengthen Ties

BELIING (Reuters) - China and Russia on Sunday pledged to strengthen cooperation in military technology and to develop economic

and trade ties, the Xinhua press agency reported.

It halled a visit to China by Prime Minister Viktor S. Chernomyrdin of Russia that ended on Sunday as "quite a success." It added, "Both China and Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia have expressed their satisfaction over the 'effective cooperated Russia Russi tion' in political, economic, scientific, cultural, military spheres and in maintaining public order over the past years and wished to expand and strengthen their cooperations in all these fields."

The two countries will also continue to strengthen their military, to be a strengthen their military.

technology-related cooperation under the conditions of sticking to and abiding by international obligations as agreed by the two countries, the communique says," the agency added, without giving any details.

#### U.S. Dispute Hinders War on Drugs

WASHINGTON (WP) — An unresolved feud in the Clinton adminis-tration, which abruptly cut off Peru and Colombia from access to American counterdrug intelligence, has blinded all three nations to the flights of drug-smuggling aircraft and threatened to fracture n brittle alliance against the northward flow of drugs, according to civilian and

military narcotics experts.

The halt in cooperation has created a significant opportunity for traffickers, the experts added. In retaliation for the intelligence entoff. Peru has benned American AWACS and P-3-surveillance craft from its sirspace. Colombia threatened last week to expel two U.S. radars. The two countries had no warning of the May I entoff. On that day, the U.S. Southern Command suspended operation of U.S. ground-based radars in , those countries and stopped allowing their nationals abourd U.S. surveillance flights from Panar

At issue is the use of American flight-tracking data by Colombia and Peru to force down or shoot down suspected drug planes. The Pentagon. supported by the Justice Department, maintains that assisting in the shoot-downs breaks U.S. and international law. Senior State Department officials favor a policy under which the United States would continue to share the tracking data but express official disapproval of attacks in

#### Northern Forces Shell Aden Airport

SAN'A, Yemen (AFP) - Northern forces have launched a fierce

artillery assault on Aden airport to try to keep Southern planes from attacking advancing troops, a military spokesman said here Sunday.

But the Northern spokesman denied Southern claims that the North had unleashed a missile attack on the Aden, which killed a civilian on Saturday. "The explosions heard in Aden are the result of artillery fired from the legal forces against the air base at Aden airport," the spokesman told the SABA news agency.

There was no confirmation from southern sources of the shelling of the

airport, which is situated between Aden's old city, the port and the

#### German City Marks Neo-Nazi Attack

SOLINGEN, Germany (Renters) - Politicians and Turkish and Jewish leaders called for a tougher crackdown on far-rightists as 2,500 protesters railied on Sunday to mark the first anniversary of a neo-Nazi. arson that killed live Turks.

Demonstrators rallied peacefully in the center of town Solingen and then marched to the site where the immigrant Gene family's house, now torn down, was torched in the bloodiest neo-Nazi assault since German unity in 1990. Johannes Rau, premier of North Rhine-Westphalia, told the crowd that Germany had a greater obligation to battle racism than other countries because of its Nazi past.

Four German rightists went on trial for murder and aroon last month:

accused of torching the house just six months after a similar racist firebombing killed a Turkish woman and two guls in the northern town of Mölln.

#### Pope Offers His Suffering for Peace

VATICAN CITY (Renters) - Pope John Paul II, looking fit and speaking from the Vatican's windows for the first time since undergoing h, said he would offer his physical suffering for p and the protection of the family.

The Pope, who left the hospital on Friday, four weeks after surgery to . repair a broken leg, said he would discuss his suffering with the "powerful people on this earth." He is to meet with President Bill Clintin at the Vatican on Friday, and their talks are expected to be dominated by abortion, which the Roman Catholic Church bans.

"I must guide the Church of Christ into the third millenium with. prayer, with varied initiatives — but that is not enough, "the Pope, 74, said in a clear, strong voice. "I must also suffer — with the attempt on my life 13 years ago, and with this recent sacrifice." The Pope had an alloy ment inserted on April 29 for part of his right femur after he slipped in his bathroom and broke the limb.

#### TRAVEL UPDATE

#### Abu Dhabi to Cut Some Hotel Rates

ABU DHABI (AFP) - The Gulf emirate of Abu Dhabi will halve hotel room prices this summer to attract tourists, an official here said.

The 50-percent cut in rates at more than 15 hotels will apply between June and September, said Abdullah Saadi, deputy manager of the state-run Abu Dhabi National Hotels Company. "The decision to slash prices came after detailed studies by tour officials and operators with the aim of activating tourism," he said.

A heat wave in northern India, with temperatures as high as 49 degrees centigrade (120 Fahrenheit), has killed at least 70 people. Striking hotel workers in Bermuda have returned to work after a court declared their walkout illegal.

#### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Croatia, Nicaragua, Puerto Rico, United States

TUESDAY: Brunei, South Africa, United Arab Emirates.

WEDNESDAY: Kenya THURSDAY: Austria, Blue

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in, Monaco, Poland, Portugal, Vatican City.

FRIDAY: Bahamas, Uganda. SATURDAY: Iran, Malaysia, Zambia

Sources: J.P. Morgan, Reuters.

020.795-911

# East Germany's Erich Honecker Is Dead

By Wolfgang Saxon New York Times Service

Ericb Hnnecker, the stolid Marxist who ruled East Germany for 18 years until a people's uprising swept him aside in October 1989. died of liver cancer Sunday in Chile. He was 81.

Like other members of East Ger- and their daughter. many's upper echelon, Mr. Hon-

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wing its chronograph

ecker faced charges in reunited Communist leader did not keep Berlin. He spent time under bouse him from risking the Kremlin's disarrest and in prison, but his trial was halted by a higher court, which ruled that prosecutors vinlated the its wealth in bolster his nwn councivil rights of a very sick man. He try's faitering economy and fiving

was freed in January 1993, and al-standards. After coming to power lowed to fly to Chile tn join his wife in 1971, he maintained East Germany as the industrial dynamo of Mr. Honecker's nrthodnxy as a the Soviet bloc, and he garnered international recognition and won n coveted prize when Bonn and

Paris received him as a head of state with full honnrs. Mr. Honecker successfully steered East Germany from Stalinism toward the high-technology pragmatism of a new managerial elite. But his failing health, and his obstinacy in the era of glamost and perestroika proclaimed by Presi-dent Mikhail S. Gorbachev of the Soviet Union, dramatically eroded

him in his last months in power. ignation, he was scheduled to face But his political fate was finally trial for treason, but action was sealed by the unrelenting marches delayed by his failing health, and in of hundreds of thousands of those May 1990, the lame-duck East Ger-who wanted to stay and peaceably man authorities, citing his fragile but loudly clamored for change. conditinn, decided not to detain or

In April 1990, the former leader was granted refuge at a Soviet military hospital in Beelitz, southwest of Berlin, where be and his wife. Margot, lived in isolation and dis-

grace while his bealth deteriorated. The German authorities issued a warrant for Mr. Honecker's arrest in late 1990 after discovering documents in which be had ordered guards at the Berlin Wall to shoot anyone seeking in flee in the West. Prosecutors said they wanted in try him on manslaughter charges and for stealing millions in state funds. but Soviet officers at the military hospital said they were not authorized to turn him over.

He was secretly flown to the Soviet Union in March 1991 on crders from Mr. Gnrbnchev, and be reportedly underwent bowel surgery in a Moscow military buspital a month later.

lapsed, Mr. Gorbachev's protective mantle vanished, and President Bc-

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in deport Mr. Honecker in Germany. The former East German leader fled to the Chilean Embassy in

sanchiary by Ambassador Clodomiro Almeyda, who himself had found refuge in East Germany during the Pinochet years in his country. He was returned to Berlin in July last year.

Mr. Honecker's political nosedive had begun in the fall of 1989, when his worker's paradise was belied by a sudden, almost panicky flight westward of working-age families. Tens of thousands of East Germans fled to the West through sudden openings in Budapest and Prague, fearful the gates might close on them. Their exodus sent the East German economy redling. nim in his last months in power.

After Mr. Honecker's forced restory workers and hospital aides.

In October 1989, at a rally marking the 40th anniversary of the German Democratic Republic, Mr. Honecker still insisted on the rightness of his course, defying the notso-subtle intimations of the visiting Mr. Gorbachev himself. A few days later, he met with leaders of hitherto mute satellite parties - tolerated largely as stage props but now wanting to be beard — and allowed that there was room for some change in economic and social poli-

strations for basic change had gone beyond the point where a show of force might bave contained them. The Soviet Union had made it clear that its troops would remain in German harracks. And the leadership in East Berlin knew that East German soldiers and tank drivers were unlikely to fire on their

On Oct. 18, 1989, Mr. Honecker was forced in resign. Calls for his arrest rose with the discovery of hunting lodges and other privileges reserved for the supposedly spartan leadership. Mr. Honecker and nthers in his ald guard were expelled

the day his own protege and bapiess successor. Eenn Krenz, also had to quit Freed from house arrest, he was diagnosed as having kidney cancer that probably created the most at-early in January 1990 and entered a tention involved profiles of many hospital for unspecified treatment. Released at the end of the month, he was taken to jail but was freed

when a court deemed him too sick

and dejected old man, the 14th

Denmark 🚟 🔸



Erich Honecker as the East German chief of state.

member of his old Politburo to be rate America, and "The Big Drink: detained in a continuing investiga-

E.J. Kahn Jr., 77, a Writer For New Yorker and Author New York Times Service

E.J. Kahn Jr., 77, who used the globe and its peoples and landscapes as canvases for his voluminous writings as a stall writer for The New Ynrker magazine since 1937, died Saturday in Holyoke, Massachusetts.

The death was caused by injuries suffered on Friday in an auto acci-

Mr. Kahn had reported for more than a generating from the nooks and crannies of the world, bringing his talents, an eye for the bizarre scene and an ear for the revealing quote, to an outpouring of magaine articles and books while using the offices of The New Yorker as a base for his wanderings.

His book, "The Separated People: A Look at Contemporary South Africa," published by W.W. Norton in 1968, was the result of three months devoted to visiting the country and interviewing its

people, black and white. The reporting and writing of his public personalities: David Rockefeller, John Hay Whitney, Joe Pepitone, Herbert Bayard Swope, the king of Mnrocco, and Frank Smafor prison. He was by then a wan tra, among them. He also turned his eye to corpo-

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In U.S. During World War II New York Times Service Dornthy H. Davis, 77, one of the

The Story of Coca-Cola" was pub-

lished by Random House in 1960.

Switching from corporate affairs to political intrigue, his book "The

China Hands: America's Foreign

Service Officers and What Befell

Them" (Viking, 1975) dealt with

the engrossing cast of characters

caught up in this period of the historical relationship between the

Dorothy H. Davis, 77, a Pilot

United States and China.

clite group of female pilots who won their wings and the respect of their male colleagues flying mili-tary sircraft during World War II, died Wednesday at her home in San Francisco. Miss Davis suffered from Parkinson's disease and cancer.

Kalman Keri, 92, Army Chief In Hungary in Nazi-Pact Era BUDAPEST (AF) — Kalman Keri, 92, the Hungarian Army's chief of stall in World War II, has died after a long illness, media reports said Friday.

state news agency MTI reported. It gave no cause of death. Mr. Keri was appointed chief of staff in 1944, when he participated in a failed attempt by Hungary's warting leader, Admiral Miklos Horthy, to break his alliance with

Mr. Keri died Inte Thursday, the

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# "They've become so paranoid about being bugged that I wouldn't be surprised this sum-ael H. Arma-

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long prison terms on racketeering charges or : jamming of

control of major unions in the New York re- ashington on as gave the

and to refer to them in conversations throughoing to mov-

motions to capos, the captains of crews or units. apparently for fear it would make them auto-hard Nixon's matic targets of law-enforcement agencies. officials me Signs have blossomed in many mob clubs sador to the warning: "Don't talk. This place is bugged," a secret envolution.

mer if they hold meetings on the beach in an, who was swimsuits," said Joseph J. Coffey, the head of e leadership: intelligence for the New York State Organized irres to cover Crime Task Force. Since 1990, most of the Mafia's roster of link between bosses, underbosses and acting bosses in New tily.
York and New Jersey have been sentenced to hey invited

have defected to testify against their former promised to underworld colleagues. wotester and Additionally, authorities say that prosecu- 2 dissidents, tions and civil suits have uprooted the Mafia's y agreed to

or in the trunk to avoid being tracked by • Members in several families have been ordered never to utter the real names of leaders

Once-Bold Mafia Loses Its Swagger By Selwyn Raab law-enforcement agencies. In the last five years, more than 300 top- and middle-echelon leaders in the seven families have been convicted or are code names or by hand signals. NEW YORK - Not so long ago, when the in some families, soldiers are rejecting pro-aving conces awaiting trial, prosecutors say. Mafia was an expanding industry, mobsters in As examples of the mob's new defensive the New York area were so indifferent to lawtactics, officials cited these recent developenforcement surveillance that they talked freely in their elubhouses, exchanged traditional kiss-• The Ravenite Social club, the Gambino crime family's favorite gathering spot in the "Little Italy" section of New York for more es on the cheek at street meetings and often mocked investigators who trailed them. But buffeted by convictions, electronic spythan 30 years, is shuttered six days a week.

The storefront club on Mulberry Street was ing by investigators, top-level defections and deadly internal feuds, many leaders and solthe daily headquarters for John Gotti, who diers in New York's five Mafia families are prosecutors charged was the boss of the family, altering their underworld way of life. before his conviction and imprisonment in 1992 Law-enforcement officials assert that a wideon racketeering and murder charges. It is occaspread fear among Mafiosi of being infiltrated sionally open on Wednesday nights when Mr. Gotti's brother, Peter, meets with a few loval-

by informers or even observed talking with each other has compelled Mafia members in New York and New Jersey to take extraordinary defensive measures. The difficulties for New York's five en-

renched families and two smaller ones in New Jersey stem largely from the successes of campaigns begun 10 years ago by federal and state

# **Cubans Ask** For Asylum In Embassy

Agence France-Presse

HAVANA — A spectacular oc-cupation of the Belgian Embassy by more than 100 Cubans seeking asylum raised the specter for the government Sunday of a new wave of embassy takeovers.

Cuban police were surrounding the Belgian ambassador's residence in the Miramar section of West Havana, where as many as 124 peo-ple, among them 24 children, broke in Saturday.

The asylum seekers appeared well organized, taking advantage of a weakness in the residence's surveillance system. They gathered secretly in a neighboring square, rushed the entry gate and scaled the security fence shortly after noon.

The Cuban foreign minister, Roberto Robaina, acknowledged the unusual size of the group, but reasserted the government's policy of not dealing with people trying to ohtain asylum through "pressure and force."

"This is not the way, the mechanism to follow for those who want to leave the country," Mr. Robaina said. He asked the asylum seekers to leave the grounds voluntarily.

In Belgium, Foreign Minister Willy Claes signaled that the Cubans would not be allowed to sta Well, you only burn Ray Wadsworth one in the residence. He told Belgian radio: "We will attempt to ensure at least that these people are not

In the most recent embassy takeover, eight Cubans who entered the Belgian ambassador's residence in January surrendered peacefully a month later after Belgium secured formal assurances from Cuban authorities that the eight would face

## Chipping in for Chopper Trip

• Genovese crime family members some-times travel to meetings curled up on a car floor

WASHINGTON - Thirteen senior White House officials have volunteered to help a dismissed senior aide repay the government the \$13,129.66 cost of his helicopter trip to play golf near the presidential retreat at Camp David, Maryland, and the White House acknowledged that a

second helicopter took part in the outing. In his resignation letter, the aide, David Watkins, was unrepentant, "I firmly believe that my actions were in fulfillment of the responsibilities of my position," said Mr. Watkins, who was bead of the White House Office of Administration. Mr. Watkins, a longtime friend of President Bill

Clinton and his wife, Hillary Rodham Clinton, said that "there simply was no effort on my part to use White House or military equipment for person-al or recreational purposes" and that his "sole motivation was determining how you could utilize Camp David more frequently."

(Maek) McLarty, who is among those contributing to repay the cost of the helicopters, called the decision by Mr. Watkins to take the flight to play golf "an unfortunate error."

hierarchy, including the two deputy chiefs of staff, Philip Lader and Harold Ickes; the special counsel, Lloyd N. Cutler, and George Stephanopoulos and David R. Gergen, special advisers. A source said the idea of having White House staffers contribute to the repayment fund arose when Mr. Watkins

had taken one of the presidential helicopters last Tuesday for the golf outing. A second aircraft went along on a training flight. Mr. Maldon, who was acting under Mr. Watkins's orders, is being reassigned.

(WP)

#### A Small World for President

was once his student and campaigned against him in his unsuccessful run for Congress in 1974, a newspaper specializing in legal issues reported

depicts what might be interpreted as an adversarial relationship between Mr. Clinton and the U.S. District Court judge, Susan Webber Wright.

the past association between the president and Judge Wright was no cause for concern. She is viewed as highly competent by members of the Arkansas Bar, including Mr. Clinton's private law-

yer in the state capital, Little Rock.
"She's solid," Stephen Engstrom said of Judge Wright. Mr. Engstrom is assisting Robert S. Bennett, a Washington lawyer, in Mr. Clinton's defense against a sexual harassment lawsuit brought by Paula Corbin Jones, a former Arkansas state In 1974, Miss Wright served as a volunteer in the

campaign of Representative John Paul Hammerschmidt, a Republican, when Mr. Clinton tried unsuccessfully to unseat him. Mr. Clinton also taught Miss Wright during his time as a professor of law at the University of Arkansas in the mid-

was assigned the Jones lawsuit at random.

#### Rostenkowski Rejects a Deal

WASHINGTON - Representative Dan Rostenkowski, Democrat of Illinois, has rejected a proposed plea agreement that would allow him to avert a broad criminal indictment on federal corruption charges, according to lawyers involved in

Mr. Rostenkowski's lawyers, who are still urging him to accept the agreement, have told federal prosecutors of the decision but asked them not to consider it final until the government's deadline on Tuesday, in the hope that he might change his mind. But there appeared to be no firm reason for thinking he might do so, the lawyers said.

Without an agreement, prosecutors plan to seek a federal grand jury indictment on Tuesday accusing Mr. Rostenkowski of more than a dozen corruption charges, lawyers in the case said. The charges include taking thousands of dollars in cash payments from the House post office disguised as stamp purchases, converting a government-leased vehicle to his personal use and putting people on his office payroll who did no work. Mr. Rosten-kowski, chairman of the House Ways and Means Committee, has denied any wrongdoing. (NYT)

new era, we cannot dispatch our troops to solve every problem where our values are offended by human misery. And we should not. But we are prepared to defend ourselves and our fundamental interests when they are threatened."

#### Einstein Funny? Princeton Has Doubts The problem: She is engaged to a somewhat todgy researcher at a certain high-powered they spent two cents in this God-blessed town, that was a lot. Almost put the merchants out of By James Barron New York Times Service stodgy researcher at a certain high-powered PRINCETON, New Jersey - Explaining the

THE AMERICAS / DOWN

plaining why not everyone is thrilled with a film starring Walter Matthau as Albert Einstein. The film, "LQ.," is not even finished yet. The movie-makers have shot some scenes in a bittle white house down the street from Einstein's own little white house. They have shot other scenes at the Institute for Advanced Study, the high-powered think tank where he tinkered with equations from the late 1930s until his

**Away From Politics** 

A single engine plane crash-landed on a golf course in Leonardtown, Maryland, missing the fairway and splashing into a pond. Nei-

ther the pilot nor the 70 to 80 golfers on the

course were injured. "He just hit the pond

and that was it, and they played right through," a police officer said.

Up to 25,000 Hispanics marched through central Los Angeles to protest what partici-pants called a growing sentiment in Califor-

nia and the nation against both legal and

Schools do not have to allow students who

term "high-powered think tank"). For brief moments in the last few weeks, they have replaced the BMW's, Volvos and Merce-deses that crowd the streets here with 1950s Detroit steel: sedans, coupes, even a Chevrolet pickup truck.

death in 1955 (and where officials wince at the

But in a town where some people remember the great frizzy-haired physicist shambling around in an old sweater and no socks, no one can quite picture him tooling around in an attention-getting 40-year-old Chrysler, which is what the movie makers have been filming Mr. Matthau in. And though it may be a comedy. the town is taking this rather seriously.

"Albert was a very fine person, and I don't want to see him Hollywoodized," said Peter Panagos, an institute faculty member who met Einstein in the late 1940s. "I didn't know how cutesy-pie this whole thing would be."

Atle Selberg, a professor emeritus at the institute, said that the Einstein in "I.Q." "seems to me to be rather out of character."

"The movie, be added, "may be a good comedy, perhaps, but not about Finstein. · Nor is it about physics. The comedy features Meg Ryan as Einstein's niece and Tim Robbins as a ne'er-do-well car mechanic that Einstein is

WASHINGTON - Not satisfied with video

cameras, many retail stores, restaurants and fast

food outlets are expanding their surveillance by

They say the devices, which record conversa-

tions on tape, give shopkeepers another tool to prevent theft, whether by burglars or employees,

But some can also pick up conversations in

booths 25 feet away. The use of concealed cameras,

some secreted behind one-way mirrors in depart-

A South Florida security company, U.S. Arms.

has installed at least 1,000 hidden microphones in

retail stores, said the company's owner, Allan

Lawrence. "Audio is so much bigger than video,"

he said. Video tells you who it is, but sudio tells

Mr. Lawrence said he had sold dime-sized mi-

crophones to department stores that put them in

tucking tiny electronic ears in secluded places.

and to monitor how workers treat customers.

ment stores, is also rising.

you what they're doing."

determined to make her fall in love with.

For the record, Einstein had no mece and the

GETTING OUT THE FLAG — Six-year-old Veronica Mrez heading for an open area of Glendale Cemetery in Des Moines,

Iowa, to help her father's Boy Scout troop mark veterans' graves in preparation for Memorial Day ceremonies.

are Sikhs to wear a small dagger, which is considered a symbol of religious devotion, a

federal judge in California has ruled. School officials in Livingston, California, bad refused to allow the knives, called kirpans. A

Sikh family sued, claiming the policy placed

an unlawful burden on their freedom of reli-

· Officials at The Citadel, one of the nation's

last two public all-male military colleges,

have been ordered by a federal judge to begin

preparing a plan for co-education. The order by Judge C. Weston Honck indicates that he

think tank has been renamed the Paine Insti-The movie-makers have been uprooting

1990s mailboxes and parking meters and filling store windows with 1950s displays. "I was walking along, and I saw these shoes

in the window and thought, 'Oh, wow, finally

'Albert was a very fine person, and I don't want to see him Hollywoodized. I didn't know how cutesy-pie this whole thing would

Peter Panagos, an institute faculty member.

they're getting clothes in this town that I'll buy, "said Pamela Hersh, the director of Commimity and State Affairs at Princeton Universi-

commodate the shooting schedule. And there was Ray Wadsworth, who feared that the producers' promises of a financial bonanza for the town would go unfulfilled.

"Tm sick and tired of people coming into Princeton and changing our lives," said Mr. Wadsworth, who owns a flower shop and a bakery and is on the Princeton Borough Com-

have become cheaper.

back door," he said.

**Bugs Beat Shoplifters, Stores Find** 

may soon force the college in Charleston,

South Carolina, to admit women. Judge

Houck also ordered officials at the college to

develop a program to deal with any incidents

of sexual barassment or abuse that could

• Three Chinese men detained in New York

for nearly a year since the freighter in which they were being smuggled ran aground have been released by immigration authorities. A

judge had granted them political asylum on

the grounds of China's coercive population-

result from the inclusion of women.

He remains on alert.

"They wanted to go into Mercer Street by pursued, that they are not punished Einstein's house at 7 in the morning." Mr. if they have to leave the embassy." Wadsworth said. "I told them, 'You can't do that, go in at 9.' They did."

That gave the cast two more hours to cat bagels from Alfred Kahn's shop. He knew exactly where he was going with the delivery.

"My grandfather used to deliver milk over there," Mr. Kahn said. "I don't know whether

they were speaking German or Yiddish. I had no idea to whom he was speaking, being 5 or 6 years old, but I knew this was a famous guy. He has only one concern about the movie that Mr. Matthau is too tall to be Einstein. "I remember my grandfather used to tower over him." Mr. Kahn said.

They remember him at the institute, too. The myth is that Einstein's office was locked after his death and equations remain scribbled in the dust on his desk. Norman McNatt, an institute official, said that the room had long since been reassigned and redecorated.

"Einstein kept to himself most of the time." said Mark Darby, another staff member at the institute. "He did write articles with other people, but he didn't hang out. He wasn't convivial or outer-directed. I don't know how you take someone like that and move a comic plot in a movie by being jovial."

"Einstein was affable enough," he said. "People always said that if you ran into him on the street, he said hello. A maid who'd walk along with him remembers their conversations. The stereotypical Princeton professor doesn't talk to people. This is not Harvard, but it's sull not the friendliest place in the world."

# CIA and FBI Seek Delay

WASHINGTON - The House and Senate intelligence committees have been asked by Justice Department officials to delay their possi-ble questioning of the confessed Aldrich Hazen Ames until the FBf and the Central Intelligence Agency have finished debriefing

The officials have argued that interrupting the interrogation of Mr. Ames, who faces a life prison term after pleading guilty to spying for Moscow, for Capitol Hill appearances could have a harmful effect on what investigators hope to learn from him.

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# The front-runners are Ernesto Samper, an economist of the ruling

and assassinations voted for a new president on Sunday, with the two ding candidates both survivors of their own hrushes with violence. The architect of much of the

mayhem, Pahlo Escobar Gaviria. the drug kingpin, is now dead, and Colombians hope the next president's term will be one of relative President Cesar Gaviria Trujillo

emerging from an era of bombines

reflected an upbeat feeling among many voters at polling stations in Bogotá. "The elections have begun in total peace," he said after voting.

The president, limited by the constitution to one term, urged Colombians to turn out en masse to defeat violence and consolidate democracy."

Three presidential candidates were assassinated before the last election, beld in 1990. Soldiers patrolled parking lots

and plazas where voters marked paper ballots and put them into cardboard hoxes Sunday. Leftist rebels bad threatened to disrupt voting, but no major incidents were

Liberal Party, and Andres Pastrana of the Conservative Party, a former senator, Bogotá mayor and televi-

Mr. Samper survived an assassination attempt in 1989 - three of the 11 bullets that were fired into him remain lodged in his body and Mr. Pastrana was kidnapped the previous year. Neither was expected to win the

runoff, according to pre-election opinion polls. Final results were expected Monday. Mr. Samper and Mr. Pastrana

majority needed to avoid a June 19

have similar platforms, with the major difference being the pace of

Mr. Samper says the state should move more slowly in lowering trade barriers and selling off state indus-tries, and cushion the effect on workers with subsidies. Mr. Pastrana believes in continuing with Mr. Gaviria's accelerated program.

With the death of Mr. Escobar in a shootout with security forces on Dec. 2, the government won its war with the Medellin cartel. But the Cali cartel, which elan-

mugs, posters and much more.

£1,000 cash per day possible. Coffee n systems from £5,800, textile and T-shirts systems from £9,900. Special background (inck photos) are stored in the computer an an be combined with your customers por trait, Systems are easy to transport in the average car. No stress selling involved, Set up in foot traffic area and customers com o you - simple to operate - no special qual-cations required - immediate delivery. Vholesale onces for reschers).

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infiltrated and corrupted many levels of Colombia's government. The government has been nego-tiating surrender terms with the Cali kingpins in exchange for le-conditionally, but Mr. Pastrana

now become the world's biggest

supplier of cocaine, and, according

to law-enforcement officials, has

niency. Some Colombians fear that wants to see the rebels make conif the surrender talks fail and the crete proposals first.

leftist rebels, who have been fighting for three decades. Mr. Samper

and assassinations will return.

On June 24th, the IHT will publish an

# EUROPEAN UNION:

Among the topics to be covered are:

■ Telecom — how suppliers and customers have benefited.

Deregulation's effect on the airline industry.

The selling off of state enterprises

controls.

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Herald Tribune

Judge Wright, a Republican, was appointed to the bench in 1989 by President George Bush. She

The White House chief of staff, Thomas F.

The aides contributing to the repayment fund included nearly the entire senior White House

balked at paying the full amount.

Mr. Clinton said he was "very upset" when he learned that Mr. Watkins and Alphonso Maldon Jr., director of the White House Military Office.

NEW YORK — The judge assigned to the sexual harassment case against President Clinton

The report in the weekly National Law Journal Sources in Arkansas legal circles, however, said

Quote/Unquote

President Clinton in a radio address: "In this

Colombian Elections Get Under Way Peacefully government gets tough with the Cali cartel, the days of bombings destinely helped the government fight the rival Medellin gang, has BOGOTA - Colombians

There were the usual street closings to ac-

"Two years ago, they had a governors' con-

clothing racks so the stores could eavesdrop on customers who might be working together to steal

merchandise. He said his sales had surged in just

the last six months; partly because the systems

A system for a small store, with eight micro-

phones and an endless-loop tape machine, would

cost about \$7,000, he said. "Restaurants have them

in the kitchens because a lot of stuff goes out the

Audio surveillance appears to be so new that

most advocates of consumer privacy interviewed, including Robert Ellis Smith, publisher of the

monthly Privacy Journal in Providence, Rhode

Some companies that sell surveillance gear are

steering clear of andio systems because of potential

legal challenges. Except when serious crime is

involved, federal law prohibits eavesdropping un-

less one of the two participants in a conversation

Island, said they had never heard of it.

In Hearings for Spy

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■ Transport — the elimination of border

A survey of the tourism industry.

# Rwanda: At Least Do This

doing something seriously wrong in Rwanda. In mid-May they voted to take certain measures, including the dispatch of additional peacekeeping troops, to contain the slaughter, offer relief to the survivors and give backing to diplomatic attempts to bring about a ceasefire. The Security Council decided on this program - a very modest one considering the scale of the inferno - in order to meet the prudent objections of its members, especially the United States. But having marched up the hill of promises, the United Nations is collapsing on delivery. It is not putting into effect even its own minimal program to deal with one of the great human-rights tragedies of

contemporary times. UN Secretary-General Butros Butros Ghali calls it a scandal and a failure. Some may smart under the criticism. But others seem to be taking palpable relief in having not been drawn into a Somalia-like engagement where there is no structure or working government to bolster, only a condition of chaos and anarchy to avoid.

This is understandable as a reaction to political pressures not to get involved. Few Americans claim the United States has a "national interest" in saving Rwanda. But

With good reason, Mr. Butros Ghali also calls what is taking place in Rwanda "genocide." This is the deadliest of political sins and one that the company of nations bas outlawed and pledged to prevent. Yet here are otherwise unoffending people being killed in the huodreds of thousands, and being displaced in the millions, on the basis of tribal or ethnic distinctions. Most other countries appear little disposed to act, even to recognize a special problem compelling response.

At the least, international sentiment ought

to be roused behind a call for an immediate cease-fire. The countries ready to provide peacekeeping forces — Ghana, Ethiopia and Senegal - ought to be joined by others and enabled to begin their mission at once. As much of an internacional presence as possible ought to be mobilized to give pause to the Hutu army, chief perpetrators of the slaughter. Humanitarian aid can be provided, per-haps best now at the borders. No one would say that responses of this order at all match the need. But they are a down payment on a fuller recognition that nowhere should genocide be regarded as regrettable but ton inconvenient to do anything about.
-- THE WASHINGTON POST.

# The Rumbling in Europe

Migration is becoming one of the great forces changing the world's politics, and no-where more dramatically than in Europe. For a generation after World War II, Western Europe was largely segregated from the populations to its east and south hy the Iron Curtain and the Mediterranean. In the 1990s, an era of cheap travel and relaxed border controls, millions of people are on the move, drawn by prosperity and pushed by fear and war at home. Many Europeans, in reaction to this new pressure, feel beleaguered. It is reflected in the way they think about the world, and the way they vote.

In Germany, one of every 12 residents is not a citizen. That is almost twice the proportion in the United States - although it is the United States that traditionally welcomes immigrants and Germany that traditionally does oot. Some of the noncitizens in Germany have been there for a long time, like the Turkish workers who arrived in the 1960s. But there are also nearly 400,000 refugees from ex-Yugoslavia. And Austria is carrying, in relation to its size, an even heavier burdeo of Yugoslav refugees.

Poland is accustomed to thinking of itself as a poor country. Long before its Communist regime fell it allowed Poles to travel westward, generally as peddlers or day laborers, generally working illegally. But now Poland has become aware of peddlers and day laborers filtering across its own eastern border, especially from the economic disaster in Ukraine. With mixed feelings. Poles have begun to realize that by the standards of much of the rest of the world their country is a model

of prosperity and a desirable destination. France in particular is feeling the effects of long economic stagnation throughout North Africa, and the sharpening tension between the government and Muslim fundamentalists in Algeria. But asylum-seekers from sub-Saharan Africa tend to go to Germany, perhaps

because of the generous social benefits there. One consequence of the civil wars and tribal rivalries in Africa, little noticed in the United States, is the steady drift of refugees northward. For those who can get a plane ocket, even a wretched life on the streets of a European city selling trinkets to tourists may be preferable to conditions at home.

Since the African and Asian newcomers have darker skins than the Europeans, resent-ment of them is often couched in explicitly racist terms. And since the respectable poliocal parties will have oothing to do with racism, the subject of population movements is often left to the less-than-respectable. The results are clearest in Germany, where immigration is beaviest. But similar rumhling is audible in every European country. Even lawabiding people of the most humane instincts find this rapid inflow of strangers to be troubling — a drain on public budgets and a threat to the customs of communities far more accustomed to homogeneity than, say, most of their counterparts in the United States.

The pressures of migration keep rising around the world. Dealing with them fairly and decently is close to the top of the list of urgent necessities that, in the 1990s, are taking

Europe's politicians by surprise. - THE WASHINGTON POST.

# Close the Hi-Tech Window

Nuclear-arms makers in Iraq, Iran, India

The bills, however, do not allow much time; they mandate that the U.S. governof U.S. high-technology exports in the past exports that they could use to make bombs. Yet even as nuclear proliferation emerges as the principal threat to America's security, bills wending their way through the Senate and House would make it even easier for renegade states to obtain U.S. technology useful for building bombs.

The technology of concern has both civilian and military uses, like machine tools for grinding bomb parts to exacting specifications and devices known as krytrons, electronic triggers used to fire up photocopying machines that can also serve as nuclear detonators.

Some relaxation of export controls makes sense. For instance, U.S. exporters are entitled to a level playing field when it comes to getting expeditious licensing decisions. A 90day deadline for decisions embodied in these bills would reduce the chance of foreign competitors sealing deals while U.S. companies wait for license approvals.

But the laissez-faire licensing envisaged in these bills goes too far to boost exports at the expense of preventing proliferation. Congress

needs to redraft them. Easy waivers of reasonable regulations, as provided in the proposed legislation, are unjustified. The Senate bill, for instance, authorizes the secretary of commerce, acting alone, to grant relief from export controls. That is a clear conflict since the Commerce Department's prime purpose is to promote U.S. exports. Other agencies charged with curbing prolifera-tion, such as the Defense and State depart-

ments, need to be involved in such decisions. The bills rightly reflect the fact that U.S. export controls will not work when ton many suppliers abroad refuse to abide by them, putting American manufacturers at a compettrive disadvantage. But multilateral controls have usually been established when the United States imposed tough standards of its own and persuaded other states to follow its lead. And that takes time.

ment relax its own cootrols within 18 months if they are not adopted by other supplier states. But knowing that U.S. controls will expire can only reduce the incentive for others to follow suit. That will lead to the lowest common denominator of international control — or none at all.

The bills also fail to require the collection of data that would make it easier to detect and stop proliferators. The U.S. Customs Service wants to require shippers to file export declarations electronically in advance for all goods, licensed or not, identifying the product being transported and its ultimate destination. That would enable U.S. agencies to identify patterns of suspicious shipments and sometimes seize unlawful exports before they embark.
The General Accounting Office has docu-

mented how, even under existing law, the United States has too often failed to prevent shipment of dangerous technology to wouldbe nuclear-weapons states. From 1988 to 1990, for instance, of the 410 applications that U.S. companies filed to export nuclear-related technology to Iraq, only 5 percent were turned down. One-third of the 89 applications to ship to sensitive end-users like the Iraqi Ministry of Defense were approved.

The GAO found equally lax patterns for exports to Iran, Pakistan and India. Prudent licensing regulations, carefully drawn, expeditiously implemented and studiously monitored, could prevent a dangerous repetition.

The joh loss from such regulation is minimal. In 1992, for instance, U.S. export of manufactured goods totaled \$447 hillion. Only \$18 billion - barely 4 percent - required a license to be shipped abroad. Licenses were denied for less than \$700 million worth of goods, or one-tenth of 1 percent of all manufactured goods exported.

In a \$6 trillion economy, that does not affect many jobs. It is a fair price to pay to prevent proliferation from getting out of control. - THE NEW YORK TIMES.



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# Herald International Eribune. U.S. Asia Policy Is Finally Getting on Track

WASHINGTON — lo matters of diplomacy it could be said that those who do not know reality will sooner or later discover it. President Bill Clintoo and his advisers, having alienated many countries in Asia by applying well-intentioned but poorly conceived policies, are starting to take a more pragmatic approach.

Mr. Clinton's decision last week to continue most-favored-nation trading benefits for China and no longer make renewal of these benefits conditional on Beijing's burnan rights performance was a step in the right direction. There have been others, some less publicized, which suggest that the administration has been rethink-

ing its Asia policy.

The seasoning of U.S. policy is evident with India. There the Clinton administration at first launched policy initiatives on the two most sensitive issues: the Kashmir dispute and security relations between Pakistan and India. The program of economic liberalization being carried out by the Indian government was largely overlooked. The result: very little progress toward resolving either of the sensitive issues and a cooling of U.S.-Indian relations.

However, during the recent visit to Washington by Prime Minister P. V. Narasimha Rao, useful efforts were made by Mr. Clinton and his sides to set matters right. Regional nuclear proliferation was played down; Kashmir was relegated to bilateral discussions between India By William Clark Jr.

and Pakistan. The emphasis was shifted to economics, where the United States and India have considerable interests in common. Overall. American policy toward India is now approaching a more sensible posture.
The Clinton administration is still formally con-

sidering whether to withdraw low-tariff trade privileges from populous Indonesia. It has said that it may do so by August unless the rights of Indone-

sian workers are improved.

In April, the Umted States sought to put the issue of labor standards in developing nations onto the agenda of the World Trade Organization, to be GATT's successor, despite opposition from many Asian states, which regard the move as an attempt to blunt their competitive advan-tage. As in the case of China and human rights, Washington has adopted a less strident tone on

Washington has adopted a less sundent tone on these issues. Quiet but persistent diplomacy promises better long-term results.

With Singapore, Mr. Clinton intervened personally in the case of the young American, Michael Fay, who was sentenced to be caned for vandalizing cars. The U.S. trade representative, Michael Kantre, who exidently was outraged by Mickey Kantor, who evidently was outraged by the caning, said that the United States opposed Singapore's bid to host the first ministerial meet-ing of the World Trade Organization next year.

Since then, however, the administration has distanced itself from Mr. Kantor's stance. His veto will not hold; that, too, is the right policy. The United States has moved out of reverse gear in its trade talks with Japan. Washington was unyielding in February, working on the assumption that Tokyo would fold under pressure. Having failed to obtain immerical targets on trade, Mr. Clinton invoked the threat of sanctions, and the negotiations with Japan were broken off. Although the government of Prime Minister Morituro Hosokawa collapsed for other reasons, the Japanese still refused to make the concessions demanded by Washington. Now, following the relatively narrow agreement reached Tuesday on how to measure access to

Japanese markets, the talks are to resume.

In all these cases, U.S. policy, though still fragmented, is moving in the right direction.

The downside is that the Clinton administration, having staked out untenable positions that angered Asian nations, now gives the appearance of backing down instead of finding its fonting. It will take some time to regain the credibility America has lost during this learning period.

The writer, a former U.S. assistant secretary of state for East Asian and Pacific affairs, is sen odviser at the Center for Strategic and International Studies in Washington. He contributed this comment to the International Herald Tribune.

# Credit Clinton With a Pragmatic New Approach

WASHINGTON - Not a mo-ment too soon, the Clinton administration has reversed elements of what was fast becoming a failed Asian economic policy. For

that it deserves much credit. By taking new action to support the dollar and revising approaches to Japan and China, President Bill Clinton is leaving behind "aggres-sive unilateralism," an attitude that shook global confidence in his administration. No doubt, he will be criticized for flip-flopping. What is important is that Mr.

Clinton is now doing the right thing in three critical areas that can yield dividends not just for the U.S. econ-omy but for the global economy.

First was his decision in late April to join with other countries in an effort to prop up the dollar. The U.S. currency, as Treasury Secre-tary Lloyd Bentsen said, had fallen "beyond what is justified by eco-nomic fundamentals," notably against the yen. And it was sinking despite the tightening of interest rates by the Federal Reserve Board. Mr. Bentsen instituted "benign neglect" of the dollar's decline against the yen a year ago as part of the effort to reduce Japan's trade By Hobart Rowen

ticeable effect on U.S.-Japan trade nese markets than the old threat of imbalances, raising questions abroad about the management of the U.S. economy and contributing to the recent volatility of the stock and bond markets.

Treasury officials at first tried to pretend that the problem was the strength of the yen, not the weakness

He is doing the right thing in three areas of great economic import.

of the dollar. But that excuse didn't wash. Intervention in the exchange markets may not work to the extent Mr. Bentsen hopes. But at least he has now junked the open invitation he had extended for the dollar to decline, always a dangerous gamble.
The second major policy adjustment was Mr. Clinton's decision

Tuesday to withdraw the misguided effort he had launched to force Japan to set numerical import goals for a number of products. Despite denials

The new, softer approach may produce no greater access to Japa-

unilateral sanctions. Yet recognition that there is more to the U.S.-Japan relationship than trade is an impor-tant first for the Clinton administration and a rebuke to the trade hawks who have until now dominated U.S.

relationships with Japan.
Wiser heads absorbed the message conveyed by financial markets. As a Salomon Brothers Inc. report put it:
"The Clinton administration is learning that there are limits to the ability of a single country — espe-cially one with a current deficit — to run policies that are viewed as unac-

ceptable by international investors." The administration had argued rightly that the time had come for Japan to reduce its buge global sur-pluses. Most of America's European partners agree. But they never endorsed Washington's unilateral

tactics, fearing they might be next.

The third element in the new Clinton Asian economic policy, anoounced Thursday, is extension of most-favored-nation trade privileges, reversing the president's pledge to withdraw those privileges if China failed significantly to im-prove its human rights record.

right place when he made that pledge. Despite recent economic

gains in China, Beijing's record on human rights remains abysmal. But there is convincing evidence that manipulation of trade privi-leges is the wrong lever with which to achieve the human rights goal. As Senator Bill Bradley and others have suggested, there must be a bet-ter way to enhance human rights without scuttling U.S. trade with China — which, by the way, en-joyed a \$23 billion surplus with the

United States last year.

By decoupling trade privileges from human rights, Mr. Clinton admits that he made a tactical error. It remains to be seen whether he will proceed to keep a focus on the rights issue, while building a new elationship with China.

One modest proposal worth con-sidering comes from Human Rights Watch, which urges American corperations to take a "proactive" hu-man rights stance while doing busi-ness in China. Examples of such a policy: Companies would shun use of prison labor and would protect

employees' right of free expression.
There is daylight at the end of this tunnel. Mr. Clinton was losing credibility in Asia. Belatedly, he is trying ternational name, if not bully." The Washington Post.

#### and at worst a very dangerous bully. by trade officials that such import to alter the international view of the The writer is a senior fellow at the International Institute for Strategic Studies in London and editor of The Pacific Review. He contributed this comment to the Herald Tribune. surplus with the United States. A quotas had been sought, this led to a United States as, in the words of his costlier yen, it was reasoned, would breakdown of trade negotiations. Mr. Clinton's heart was in the Asia expert, Winston Lord, "an inlimit Japanese exports to America. The dollar declined, with no no-

From Clinton and Powell, Bracing Words to a Glum Generation

By David S. Broder

WASHINGTON — With Memorial Day and the 50th auniversary of D-Day falling a week apart, this is a time for acknowledging the debt the living owe the dead. Equally, it is a time for reflection on the obligations that beritage of sacrifice imposes. Many bave spoken to those themes

in recent days; none better, I think, than President Bill Clinton and Colin Powell, the retired chairman of the Joint Chiefs of Staff. The words of Washington officials tend to be devalued, but these deserve to be read without the stain of cynicism that

N EW YORK — If ever there was a reason to become com-

puter bierate, it is to savor every byte

of Sony's complete multimedia edi-tion of "The Haldeman Diaries," the

late chief of staff's daily chronicle of

into the CD-ROM drive of the

nearest PC, you can not only wal-

low in Watergate but relive such golden White House moments as

the Pam Agnew wedding, a gala East Room recital by Red Skelton and a dinner for Golda Meir to

which the president invited "a few

gentiles, like Connally."
"The Haldeman Diaries" have

become notorious in the two weeks

since their publication as a nearly

700-page book, especially those

passages in which the president rails against "the total Jewish domi-

nation of the media" and a neurotic

Henry Kissinger makes Dr. Strange-

But except for Billy Graham -

who denied an entry in which he

refers to "satanic Jews" - no one

has seriously challenged Mr. Halde-

man's accuracy. Stephen Ambrose
— the nonpartisan Eisenhower and

Nixon biographer and D-Day histo-

rian - soundly endorses "The Hal-

deman Diaries" in its introduction.

book adds 700 photos, home mov-

The CD-ROM version of the

love seem tame.

the Nixon administration. By loading a \$69.95 compact disk

besimirches so much of our thought. in the four years since the class of 1994 entered school. and Mr. Powell is the paradox that confronts almost any thoughtful person: Why is there such hopelessness and ill temper among young Ameri-

cans when the events of their lifetime

should give them such confidence in

their nation and its prospects? In commencement addresses, the president and the general both referred to the extraordinary changes that have occurred in the world just

JEEZ PETE HAVE YOU READ THESE HALDEMAN DIARDES YET?

A Dark Joyride Through Nixonia

By Frank Rich

ies, the White House appointments log and 1,000 more pages of diaries. Zipping through the multimedia

edicion is an addictive joyride that simulates what it might be like to

listen to the Watergate tapes, read "The Final Days" and play Nin-

what often emerges is a period farce — sort of a "Springtime for Nixon" — with an unlikely cast of cameo players, from Gina Lollobrigida to Andre Malraux. The president

dent, desperate to invite Frank Sinatra to the White House, chooses

Perry Como instead rather than get

embroiled in a dispute between the

Chairman of the Board and Mrs.

Bob Hope. After a state dinner for

Pierre Trudeau falls flat, Mr. Nixon is "particularly down on the enter-tainment" by Robert Goulet.

film clip, as does Elvis in the ap-

pointments log. None of this is in the published diaries. Nor is a 1972

entry in which Mr. Haldeman says

the president told him that "Kissin-

ger has worked hard, and I'm to call

Rebozo and have him give Henry

all of his phone numbers of girls

But by using a computer pro-gram's search function — you can

that are not over 30."

Sam Goldwyn turns up in one

1994 entered school.

As Mr. Clinton noted at Gallaudet graduates' college years have seen the end of the Cold War, the fall of the Berlin Wall, the breakup of the Soviet Union, the election of the first demo-

WAITING AREA

leap to every occurrence of the word "Jewish," for instance — the dark side of this White House

charges out of byperspace.

Mr. Nixon's defenders have tried

to rationalize his paranoia about Jewish cabals by arguing that he was letting off political, not anti-Semitic,

steam at a time when there were many Jews among his press adver-saries. But in the unexpurgated dia-

ries Mr. Nixon is cited as identifying "our coemies" as "youth, black, Jew" in 1970. And it is hard to find a

political alibi in this 1971 passage:

The president came back from
Camp David for White House
church He called me . . . a little dis-

turbed at discovering that we were having a rabbi again. He made the

point that there are only 5 million

Jews out of 200 million people, so one rabbi service in the first term

would have been enough; we

shouldn't have had a second one,

and he certainly doesn't want any

By the time a hacker overdoses

on the multimedia diaries, the only

real mystery that remains about the White House is Mr. Haldeman him-

self -a fly on the wall so devoid of

personality and emotion that he could be the butler who faithfully

serves his dispraced lord in The

The New York Times.

Remains of the Day."

more this term,

University, the University of California at Los Angeles and the Naval Academy, and General Powell pointed out at Howard University, the

son Mandela - are people old enough to bave witnessed D-Day. even if they were not there. General Powell and President Clinton also referred to the 40th anniversary of the Brown v. Board of Education cratically chosen government in Russia, the agreement of Israel and the decision ending racial segregation in America's public schools.

In speaking of these events to peo-

ple a generation younger, General Powell, 57, and Mr. Clinton, 47, voiced an anxiety about the mind-set of members of their audience that is, I think, widely shared.

self-rule in Gaza and the end of

apartheid and the establishment of a freely elected, multi-racial govern-

The heroes of these changes -

from Mikhail Gorbachev and Boris

Yeltsin to Frederik de Klerk and Nel-

ment in South Africa.

General Powell, speaking on a campus where advocates of black nationalism tinged with anti-Semitism have drawn large crowds, said that the recent acts of reconciliation in the Middle East and South Africa "have shown how you can join hands to create a force of moral authority, more powerful than any army, a force which can change the world."

"There is a message in these two historic events," he said. "As the world goes forward, we cannot start going backward. African-Americans have come too far and we have too far yet to go to take a detour into the swamp of hatred."

In stern tones, General Powell said to the Howard graduates, "You have been given citizenship in a country like none other on earth, with opportunities available to you like nowhere else on earth ... What will be asked of you is hard work; nothing will be handed to you ... Use your education and your success in life to help those still trapped in cycles of poverty and violence. Above all, never lose faith in America. Its faults are yours to fix, not to curse."

Mr. Clinton was possibly less cloquent and certainly less socialet than General Powell was. But his thoughts were moving in much the same direc-tion and reflected the same concern.

Why Seoul Should

Stand Firm

By Gerald Segal

SEOUL — In a step that could lead to sauctions against North Korea, the International Atomic Energy Agency reported to the UN Security Council on Friday that Pyongyang's fadure to allow full inspection of a key modern property might make it impossi-

nature to allow full inspection of a key modear reactor might make it into solution that the to verify whether weapons grade plutonium had been diverted.

The agency had earlier demanded in vain, that removal of fuel rods from the atomic reactor be halted.

That events on the Korean Peninsula have reached this critical point.

la have reached this critical point shows the limits of China's influence in; and insight about, North Korea

Beijing has argued that the interna-

tional community should use incen-

gives, not pressure, against Pyonsyan. Yet the North has scorned the incen-

Yet the North has scorned the incentives and defied the outside world.

In the process, it has humiliated Chinese diplomacy. North Korean officials now readily accuse their old Chinese allies of duplicity. The Statinist regime of Kim II Sung may well regard the reform and opening of China, which Beijing has suggested Pyongyang should follow, as a recipe for chaos and capitalist subversion. Impan has been more consistent than China toward North Korea. It is

than China toward North Korea. It is

now limiting the amount of money sent home by North Koreans living in

Japan, as requested by the United States. It stands ready to support any UN Security Council sanctions. Despite the uncertainty in Japanese polinics, Tokyo has begun to explore ways to mide the state of the same of the sam

to widen military cooperation with

should things slip out of control.

The South sees the issue primarily

in terms of the national security of the two Koreas. The United States

and many other countries outside the

region see the problem largely in terms of the need to stem the spread

of nuclear weapons. It is thus not surprising that there are doubts about South Korea's readiness to

stand firm against the North.
- Some influential South Koreans assert that confronting the North

over nuclear weapons will make na-tional reunification more difficult to

achieve. The opposite is true, A nuclear-armed North will at best be a

more difficult negotiating partner.

South Kores has the most to lose

It came through most clearly in the least metorical of his recent talks, comments he made May 17 at the Martin Luther King Middle School in Beltsville, Maryland. After telling students how much he and they owed to the people who had fought to desegregate schools, the president said:
"You look at what the problems

are today. Is there still racism in America today? Of course there is. Is there too much violence today, especially among young people? Of course Are there still 100 many people who don't think they're going to get a fair shake in life and don't think they have much of a future to look forward to? Of course there are."

He talked about the initiatives he has launched to expand the economy. improve schools, make streets safer. But he said, "It all begins with personal choices ... so what are you going to do? You have to decide that you will not drop out of school ... You have to decide that you will not use alcohol or drugs or take up guns. You have to decide that you will not become a mother or a father before you're old enough to understand and take re-

enough to understand and take responsibility and do the job right, instead of wrecking your life with it."
"The whole future of the country,"
the president said, "is riding on
whether we can have young people
who are well-educated, well-disciplined, hopeful about the future, and
more interested in helping each other
than hurring each other more interthan burting each other, more inter-ested in books than guns, more interested in five years from now than five seconds from now."

Memorial Day is a time of stocktaking and the thoughts of the gener-al and the president are good starting points for taking stock. The Washington Post

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Germany Protests BERLIN - The Imperial German

Government has formally protested against the Anglo-Belgian treaty on the ground mainly that the frontiers of the Congo Free State having been fixed by an international convention. they cannot be modified in any way save by international agreement. A despatch from Brussels, semi-offi-cially published here, states that the German Government has addressed a protest to the Government of the Independent Congo State against the convention recently concluded by the latter with Great Britam. In taking that step the German Government pointed out that the frontier delimitations agreed upon between Germany and the Congo State in 1884 could not be modified without its consent.

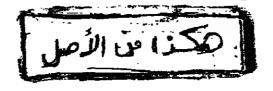
1919: Rhenish Republic

GENEVA - Thursday, [May 29] The "Tribune de Genève" publishes the following: "A telegram from Co-

logne to the 'Frankfurter Zeitung' states that a political group pro-claimed a Rhimeland Republic at Coblentz on Tuesday last. As soon as the news spread in the city, all the workmen left work, trams stopped and a general strike was proclaimed.
The Federation of Trades-Unions proposes to organize a demonstration of workmen against the Republic."

1944: Ecuador Turmoil QUITO, Ecuador — From our New York edition: President Carles Ar-royo del Rio and all members of his

Cabinet resigned tonight [May 29] after a revolutionary junta seized power in Guayaquil, Ecuador's main commercial city. A general strike had commercian Ciry. A general strike had broken out here, apparently in support of the Guayaquil revolt. Crowds paraded in Quito's streets, hailing extled former President Jose Maria Veneral Commercial lasco Iberra. Arroyo del Rio turned over his powers to Dr. Fausto Navarre Allende, Senate vice-president, and took refuge in the American Embassy.



# Why Seoul Should Stand Firm

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# Rwandan Officials Flee **Refuge South of Capital**

KIGALI, Rwanda - Most of Rwanda's government has fled its refuge south of the capital, Kigali, fearing a rebel advance, diplomats said Sunday

In the capital itself, an offensive by the rebel Rwanda Patriotic Force prompted the United Nations to suspend convoys taking trapped civilians to safety across the city's front lines.

Diplomats said most government ministers and senior officials had left their headquarters, a former civil servants' college, near Gi-tarama town, 40 kilometers (25 miles) south of Kigali.

The ministers and officials fled

ou saturday by road and helicopter to the government-held western city of Kibuye on the shores of Lake Kivu facing eastern Zaire. The government fled from Kigali

to Gitarama to escape the violence ignited by the death of President Juvenal Habyarimana on April 6. Rebel gains in Kigali and the south have led to an exodus of bundreds of thousands of civilians and militiamen from the capital to

Gitarama and in the south to the

city of Briare. UN officials could not confirm reports of 300,000 people fleeing toward Gitarama but said between 50,000 and 100,000 were on the main road south of Kigali and many more had already arrived.

# **RWANDA:** Killing's End?

Continued from Page 1

di are about 85 percent Hutu and 15 percent Tutsi. In Rwanda, the Hutus have held political power since they overthrew the Tutsi monarchy and achieved independence from Belgium three decades

In Burundi, the minority Tutsis dominated the country after independence through their control of the armed forces, and only last year surrendered power in democratic elections to a Hutu-led government.

After the outbreak of the massacres, in which hundreds of thousands have died, the rebels launched their drive on the capital to end the bloodshed and bring to justice those responsible.

But the tyranny also showed hu-

man traits - conscience, courage,

weakness, cynicism - in far sharp

er relief, much as war exposes

strength and cowardice. It was a

harsh and cruel world, but also one

in which whispered truths and

smuggled books carried weight

greater than money or status, in which people of conscience forged

powerful bonds and defiance was a

It was disappointing to many of

Mr. Solzhenitsyn's admirers that at his press conference he had nothing

to say of the fact that for all their

flawed economic policies and false

attempts at democracy, Mr. Gor-

bachev and Boris N. Yeltsin did lift

the fetters; that Russia has become

mark of greatness.

# RETURN: Who Awaits Solzhenitsyn in His Quest?

Continued from Page 1 hail Leontiev of the newspaper Se-vodnya, who agreed that Mr. Sol-zhemisyn's form of honest patriotism could provide the unifying idea that Russia so painfully lacks after the collapse of communist

ideology. But if it is, there is still the question whether Mr. Solzhenitsyn is the man who could foster it. His reputation and his moral authority are beyond dispute; even Russians who have not read his works know of him as the man who exposed the infamous "Gulag Archipelago," the network of Stalinist labor camps, in all their murderous brutality and cynicism.

But the impact of those works derived in great part from the tyranny they defied. Mr. Solzhenitsyn himself wrote in his novel "The

Continued from Page 1

considerably more at ease than he

had at a similar occasion four years

Akihito was asked, of course,

about the decision by Japan's polit-

ical leadership to cancel a sched-

uled imperial visit to Pearl Harbor.

That stop was removed from the

royal schedule for fear of a political

backlash from right-wing elements

here, who insist Japan owes no apology to the United States for World War II.

In reply, Akihito noted that un-

der the constitution he is strictly a symbolic monarch. The elected

government decides his travel

schedule, he added, and he of

course will do what the government

For the empress, the past year

has one of the most been trying

display of "disrespect," several na-

tional magazines criticized the em-

press. The complaints were minor.

even trivial - but they were con-

sidered shocking in a nation that

Then last fall the empress col-

lapsed and lost the ability to speak.

-Court officials blamed this mysteri-

ous malady on "deep sadness" be-

reveres its royalty.

cause of the bad press:

since her marriage 36 years ago.

second government in a dictator- in constant compromises and small ship. But as the piles of his unsold novels testify, the political and moral power of written or spoken

truth wanes under freedom.

That has been amply clear in recent years. Many of the first generation of democrats have dropped out of politics, and former dissidents who have stayed in Parliament are now viewed more as gadflies than as moral authorities.

As for whether "deepest Russia" is still there, that depends on what Mr. Solzhenitsyn expects. For the most part, the Russian hinterland remains very much as he left it: muddy, backward, provincial, impoverished.

But Russia has changed, and changed dramatically. Mr. Solzhenitsyn left a state in which a tyrannical system ordered everything, First Circle" that a writer is like a and in which every life was caught

speech. Standing across the room

in a pale green kimono with wispy

painted along the lavish obi, or

belt, she did just fine, talking softly

in clear English with just a few

worried glances over her shoulder

It would be bad form - not to

mention a violation of the ground

rules - to quote what their majes-

ties had to say. Let it suffice that

they are aware of current economic

friction between the world's two

richest nations and hope their trip

in June will help ease tension in the

He also recalls an auto trip

through the vastness of northern

Wyoming, when the royal motor-

cade passed only two other cars in

the course of a four-hour drive. In

the entire Japanese archipelago,

there is nothing approaching such

U.S.-Japan relationship.

the Mall

wide open spaces.

at the official interpreter.

orange and white wildflowers

more free. To Mr. Solzhenitsyn's obvious dismay, the new freedoms have sive invasion of the Western mores and pop culture against which the writer so sternly inveighed in Ver-It has been only a few weeks since Michiko fully regained her mont.

> But Mr. Solzhenitsyn is unlikely to find that many Russians would trade their current hardships for the past tyranny. What might or should have been is simply not relevant to their difficult fives. The issue is not how Russia got here, but how it moves on.

> That, declares Mr. Solzhenitsyn, makes this the exactly right moment for his return.

> "The senm of triviality has cleared, and the people have rip-ened enough to become conscious of their fate in its essence and depth," be declared. "I think it is precisely now that I am useful."

Both emperor and empress On the first point he may be spoke fondly of previous trips to right. The disastrous flings with inthe United States. Akihito said he stant democracy and instant capistill had vivid memories of a visit to taliem, the universal rush to be bap-Washington decades ago, when he tized in the Russian Orthodox first saw the beautiful array of na-Church; and to acquire Western an ambush, the latest clash in tional monuments lined up along goods, have left people still feeling monthlong struggle over control of coupty.

The question is whether after so long an absence, this truth-seeker from a former tyranny is the man to fill it. His form of benign patriotism is certainly not the worst basis for unifying the nation. But it will require him to recognize that his 'deepest Russia" is no longer there. Khun Sa.

# **Bank Notes** Stir Protest In Croatia

New York Times Service ZAGREB, Croatia - In a move that has set off protest, the government of President Franjo Tudiman has decided to rename the Croatian currency after that used by the pro-Nazi puppet regime in Croatia in World War II.

Starting on Monday, the dinar, which was the monetary unit in the former Yugoslavia, will be replaced by the kuna, previously used as the national currency under the fascist Ustashe government of Ante Pa-

The new kunas will be valued at about 17 cents, and the notes will carry the portraits of Croatian heroes and martyrs, many from the Middle Ages.

The revival of the kuna has brought strong protests from Croatia's Serbs and Jews, both of whom were massacred in large numbers by the Ustashe between 1941 and 1945.

Mr. Tudiman has defended the choice of the kuna as "proof of Croatian sovereign-ty." But the decision is regarded as a political concession to the right wing of his Croatian Democratic Union at a time when Mr. Tudiman's decision to end the war against Muslims in Bosnia has led to restiveness among hard-liners.

The decision appears certain to revive a debate over the political leaning of a government that has sometimes appeared ambiguous over the fascist wartime regime and that is led by man who once tific evidence that 6 million Jews were killed by the Nazis. Mr. Tudiman apologized to the Jews over that this year.

It is also certain to inflame relations with the Serbs, who have contended since the 1991 Serbian-Croatian war that their occupation of 25 percent of Croatia was a necessary defense against a repetition of the ethnic persecution of the Ustashe regime.

#### 7 Burmese Soldiers Die In Drug-Control War

Renters

BANGKOK - Guerrillas loyal to the Khun Sa, the Golden Trian-gle drugs warlord, said Sunday that they had killed seven Burmese soldiers and wounded many more in drugs in eastern Burma.

More than 20,000 troops from both sides have been engaged in the opium war at 13 different locations in the Shan State, northeast of Rangoon, since mid-April, when Burmese soldiers launched an opitun cradication operation against

# POLICY: Broken Campaign Promises and Fierce Interagency Battles

on emigration by close family members of dissidents, and comply with a 1992 agreement banning the export of prison-labor products to the

United States.
China was also supposed to make "overall. significant progress" on several other issues, ranging from easing the crackdown on Tibet to

accounting for political prisoners.

Chinese dissidents, liberal Democrats, conservative Republicans, Asia Watch, members of the U.S.-China Business Council and even a representative of the dalai lama in Tibet gathcred at the White House for the signing of the order, which was widely hailed as a masterful solution.

But it was a false consensus, because each side saw in the executive order what it wanted to see. The liberal Democrats thought the directive had finally put some muscle into the trade threat, and the business sector thought that it was ambiguous enough finally to eviscerate the trade threat.

The Chinese were not impressed, and over the next few months the relationship with the United States deteriorated.

The Chinese loaded chemicals for making weapons on a freighter headed for fran, shipped technology for M-11 missiles to Pakistan in violation of an international missile agreement and rejected pleas from the Clinton administration to cancel a long-scheduled underground

As it became apparent that the executive order was not having its desired effect and that the threat to revoke China's trade benefits might actually have to be carried out, the U.S. business sector mobilized.

"We consistently sent the president and his advisers letters and short papers arguing that extending trade with China was critical for belping the economy and jobs," said Jerry Jasinowski, president of the National Association of Manufacturers. "That was argument No. 1. There was a subordinate argument — that it would also advance human rights."

In mid-July, Winston Lord, assistant secretary of state for Asian affairs, argued in a

classified paper that the relationship was on a "downward spiral" and urged an entirely new strategy of intensive engagement with Beijing in which incentives would substitute for threats.

But it took more than two more months before Mr. Clinton signed an "action memorandum" putting the strategy into effect with a series of high-level exchanges, including a meet-ing between Mr. Clinton and China's president.

Jiang Zemin, in Scattle in November. The high-profile meeting yielded little. But within weeks a consensus began to emerge in the administration that the United States had to find a formula to allow the extension of

China's trade benefits. Shortly after the New Year, Mr. Christopher ordered his legal advisers to prepare an analysis of exactly how little China had to do to meet the executive order.

Their conclusion: As long as China met the two mandatory conditions, on emigration of dissidents' families and the export of prison goods, Mr. Christopher could recommend renewal; the rest could be finessed.

One incident more than any other threatened to derail this approach, however; a meeting in late Fehruary in Beijing between Wei Jingsheng. China's most prominent democracy campaigner, and Assistant Secretary of State John Shattuck

China furiously denounced the United States, calling Mr. Wei a "criminal on parole" and charging Mr. Shattuck with breaking Chinesc laws.

Over the next few days, China rounded up dissidents in an effort to ensure an uneventful National Party Congress. Mr. Christopher decided to go ahead with his visit to Beijing anyway, arguing that if he canceled, the Chinese would make no more concessions and the president would be forced to revoke China's trade benefits.

But Mr. Christopher found himself on the defensive throughout his three-day trip, and the furor obscured the few concessions he won from Beijing. Mr. Clinton was so distraught by the public

criticism of his China policy set off by the Christopher episode that he made no effort to support his secretary of state in public and told reporters that he was "disappointed" with the

Returning to Washington, Mr. Christopher immediately requested a meeting of senior national security and economic advisers in the Roosevelt Room of the White House, where he defended his trip. The president did not attend From the beginning of the process, senic-Clinton officials had issued the same warnin to Beijing: Do not think you can come in at th last minute with a few cosmetic concessions of human rights and win renewal of your lov

But as the deadline approached, and it be came clear that China was not going to mov-very much, the strategy shifted. China was toli directly that, in fact, a few face-saving conces

sions would do. During former President Richard Nixon's funeral in late April, American officials me with Li Daoyu, China's ambassador to the United States, and proposed that a secret envoy

be sent to Beijing. Mr. Christopher recruited Michael H. Armacost, a former ambassador to Japan, who was sent with a proposal for the Chinese leadership: If Beijing made enough minor gestures to cover the basics of the executive order, the adminis-

tration was prepared to drop the link between trade and human rights permanently. China's leaders moved a bit. They invited a U.S. technical team to discuss the jamming of Voice of America broadcasts, and promised to release an important democracy protester and give visas to the families of certain dissidents.

Since the Chinese had already agreed to abide by an understanding with Washington on banning exports of goods made with prison-labor, the concession on the visas gave the Clinton team just enough to be able to say that the two "mandatory" conditions of the executive order had been met.

Mr. Clinton's experience as president had taught him that it was not just how much America needed China for business reasons; it was how much the United States needed China for national security reasons — to deal with North Korea, the United Nations Security Council and the spread of nuclear weapons.

Mr. Clinton was also moved by Treasury Secretary Lloyd Bentsen's argument that when the United States acts on its own to impose sanctions against China because of humanrights abuses, it has the worst of all worlds: The policy is not effective, and markets are lost. Sanctions must be imposed by allies or not at

#### brought suffering, volgar wealth, glaring social injustice and a mas-MONEY: For Palestinians, the Promised Global Aid Is Proving Elusive JAPAN: At Tea With the Emperor wrote that there was no scien-

Continued from Page 1

gle-handedly controlled the finances of his revolutionary organization for three decades, has not yielded to the demands of the World Bank and donor nations that he give up his old methods when running the new Palestinian

Anthority.
While Mr. Arafat has made some concessions under pressure, authoritative sources said he had not given up his desire to run everything. Worried about corruption, as well as about political favoritism, the international donors have not yet made good on their major pledges. According to these sources, including Palestinians and Western diplomats familiar with the events, the whole concept of a coordinated, global aid effort to the Palestinians may be

stalling.
Instead, the sources report. Mr. Arafat is actively looking for ways to bypass the World Bank by dealing directly with individual companies and countries for lucrative projects in

restrictions being imposed by international do-BOTS.

The sources said British, American, French, German and Danish firms quietly have been beating a path to PLO headquarters in Tunis recently, with the approval or acquiescence of their governments, seeking contracts for longterm development projects such as printing a new currency, building a new telephone system and constructing airports and an electric sys-

The reasons the donors are going to Tunis are the same reasons Israel decided to go there. That's where the decisions are made," a diplo-

The Palestinian economic council here, based just outside Jerusalem, was originally intended to channel the aid from abroad into useful projects in the West Bank and Gaza.

But for months the international donors complained that the council was not adequately set up to avoid abuse. Recently, the council's bylaws were approved, and six top officials

were given six-month reappointments, includ-ing several prominent Palestinian economists. Last week, Mr. Arafat also selected the U.S.based investment bank Morgan Stanley to help manage the reconstruction efforts, according to the Palestinian news agency Wafa.

But the big money has not started flowing, and there is a growing fear that it may never materialize on the scale promised. While some countries are anxious to win

lucrative contracts, they are loath to pour mouey into an organization that will be exclusively controlled by Mr. Arafat, he said. Donors suspect that Mr. Arafat, if left to his own devices, will channel aid to political friends in the terri-

There is also a reverse suspicion. The Palestinians complain that foreign donors are interested only in projects that look good back home, with a plaque on the front door, rather than let Palestinians build what they want. But the Palestinians concede that they are not in a position to turn anyone down.

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#### **BOOKS**

WHAT THEY BE READING

#### LIFE LIBERTY AND THE **PURSUIT OF HAPPINESS**

By Peggy Noonan. 255 pages. \$23. Random House, \$23. Reviewed by Christopher

Lehmann-Haupt

A T the opening of her outspo-ken new book, "Life, Liberty and the Pursuit of Happiness, Peggy Noonan writes, "When last we met, George Bush had just been inaugurated president, Ronald Reagan was waving goodbye to Washington in a helicopter flyby. and I had just come back to New York, where I finished a book about being a speechwriter for

That book was "What I Saw at the Revolution," which not only held an incendiary magnifying glass up to the Reagan White House, but also told Noonan's own story, a turning point of which was her revolted reaction to her leftish college busmates while traveling to an anti-Vietnam War demonstration in Washington and her resulting conversion to Republican con-

Now, at the opening of her new book, you find her sitting at a "good and overpriced" East Side Manhattan beauty salon, which might not sound promising for an overview of our culture, but this is not to reckon with Noonan's striking ability to behold great vistas through a pinhole.

So from watching Oscar - "his black shirt is buttoned at the neck, his black pants gathered at the weist and feet" — she goes for a shampoo and daydreams about cars and how Henry Ford has changed our lives more than the women's movement has. "Kids have no one home now," she muses. Many of them are going through hic with "a parent-sized

Soon she is pondering her "endof-century jits." She writes: "It's a big thing when a century ends, a . time of fate and foreshadowing. ... The 1890s were a pleasant time, a beautiful epoque, and a prelude to the most killing century

a hicycle built for two, wind up at "Start out at Sarajevo, wind up at Sarajevo." Following her train of thought is president in '96" — she means

like watching a spark move along an

endless serpentine fuse that leads

in the history of man. Start out on

Professor Thomas R. Sluberski, on sabbatical from Concordia University in New York to teach journalism at the University of St. Petersburg, is reading "Goodnight, Mister Lenin" by Tiziano Terzani.

"L too, traveled across the former U. S. S. R., but I taught -- often journalism - for my room and board, and my experiences are like those of Terram."

"I think of New York's street

criminals as, simply, fascists," she

writes. The threat of pollution to

the environment has been overrated, she believes. "We are the inheri-

tors of a coarsened country," she

says, and adds that Hollywood is

Yet whatever you think of her

opinions, you read on in thrall to

the fascination of her anecdotes. In

Part II, titled "Liberty," she at-

tends a dinner at the White House

and sits next to a weepy President Bush, who asks her to rejoin his

In the hourious delay to respond

to his order for a car to take her to

the airport, she detects a fatal

slackness in his staff that will be

confirmed when she tries to help

spire her. President Clinton may be

the third "great natural politician"

she has seen in her life, after John

F. Kennedy and Ronald Reagan,

but she considers the Clinton ad-

ministration already doomed to a

Republican as their nominee for

Yet the alternatives do not in-

to be artful.

speech-writing team.

rescue him from defeat.

(IHT)



from impassioned cultural commening." But her incisive survey of the talent on the horizon fails to turn tary to shrewd political analysis to quotidian autobiography. up much beyond Boh Dole. Some reviewers of Noonan's first

She's a New Yorker again now, with hopes for the city's future book had a hard time accepting thanks to the vitality of its immithat the author's savvy could have grants. As a single parent, she works at home: "I look like Grace been committed to the robotic Resgan administration, so they tried to Metalious in the author's picture disentangle the writer from her on the back of 'Peyton Place.' Before very long the firecrackers of her conservative political outlook have begun to explode.

of Happiness," she traces how a certain uneasiness of spirit despite her success led her to take up Bible study and return to the Roman

ministration's.

Catholic faith of her upbringing.
The prose gets heavier here, but her wit doesn't entirely desert her. She reasons that if man is fallen, as the Old and New Testaments hold. then we are better off empowering free-market forces than welfare-

In this book, Noonan eventually

In her final section, "The Pursuit

commits berself to a deeper form of

conservatism than a political ad-

At the same time, she concludes that what she considers the American culture's "war against religion" is "not so bad." "Christianity, after all, is at its purest, its most vital. when it knows it is what it has always been: countercultural."

state administrators.

Christopher Lehmann-Haupt is on the staff of The New York Times.

#### BRIDGE

By Alan Truscott HINKING about deals on which something went wrong is an essential element in moving to an expert level.

partly to blame, having lost the strictures of the Legion of Decency that once forced the film industry The diagramed deal was played recently in a major tournament in Japan, Sitting West was one of that country's top-ranked players, Akio Kurokawa, whose nickname, inevitably, is Ace-king-ten. His partner was Peter Newman, a young Australian who imitated his country's most famous animal by leaping to three spades over the opening bid of one diamond.

South's bid of four hearts ended the proceedings, and West led a spade. The declarer put up the ace. feeling confident, but was less happy when be led a trump and East discarded the club nine. He took his ace and led a heart, forcing West to take his queen.

Kurokawa knew that South had begun with eight cards in the major suits, and therefore five in the minors. He knew that South had a heart entry to the dummy and presumably a club entry, which meant that he would be able to ruff out "If the Republicans pick a young. East's spade king and dispose of two diamond losers.

Obviously East held the club ace.

philosophically young - "they will . The best hope seemed to be that

not only win, but win with mean- East held the diamond queen, in

which case it was vital to lead that suit quickly, before South could use dummy's spades. So West shifted to a diamond

with a disastrous result: South wound up losing a heart trick, a club and a diamond. The post-mortem showed that a passive return by West of a club would have allowed his partner to take the ace and lead a diamond, settling the issue in favor of the defense. South is short of entries to use dummy's

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North and South were vulnerable.

The bldding: West North

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# ABC INVE. ARC IN

By Frank Schirrmacher Special to the Herald Tribune

d AIG Em. The writer is a senior editor at the Frankfurter waig Eur 4 llagmeine Zeitima AIG Eur Allgemeine Zeitung. West Germany was founded, literally, in the

lig context of a certain American culture. It was Alf Sau-alled "re-education": the U.S. occupation has been compared to inculcate new enlightened use be a solution of the U.S. occupation has been considered by the control of the U.S. occupation with the U.S. occupation will be used to be us d UBZ Lienans in the American zone, the experience was d UBZ Lienans in the American zone, the experience was d UBZ Lienans in the American zone, the experience was

The experience had a durable impact on the Amed Ber Aller Bernstein and a distance in the conditional substance of West Germany that conditional linued right up to the end of its existence as a Notice Properties of the North Arguehly a half-century and produced a cultural Switzer d Switzer Guguny a nan-century and produced a cultural d UK generation that is only now leaving the stage Alpha Phar Pharto-Vacant for a real intellectual succession — a washen sphenomenon that is Europewide, but perhaps making finost pronounced in Germany.

In the immediate postwar, a new generation majoro in the immediate postwar, a new generation majoro of German writers set about catching up eagermane by and enthusiastically to American and British majoro inovelists. They were recling under the impact of majoro discovering William Faulkner and Ernest Hemmajoro ingway, whose books for Germans seemed to majoro combody a new approach that seemed unencumm Global bered by history even in writing about the past.

m NichA German writers found the American existential Encumbered with such an unbearable past, view contained in American writing, and popumsaus larized in Hollywood movies, to be devoutly desirable as they grappled with the burden of warrol! the Nazi era.

MATION LIP NAZI CRA.

MATION CUltural attitudes in Germany were roiled,
minter. miniem however, by an important cross-current of dis-imiem dain for American culture. Returning German emigres spoke warmly about the country that had offered them haven, but they also brought back a critical posture that often amounted to a rejection of American civilization.

German opinion was struck by the career of "Stefan Heym, a writer with a national following who fled Nazi Germany because of his Jewish origins. He returned to postwar Germany as a U.S. Army officer and then settled in East Berlin, where he became a prominent cultural voice in the anti-Western campaigns waged by the East German government.

furt school of philosophy, remained in West against calls for a national consciousness, and Germany, where he was a strong early influence on Herbert Marcuse, later celebrated on campuses across Europe and in the United States. Mr. Marcuse was a popularizer of Mr. Adorno's disparaging attitude toward consumer culture and toward what he called the American cultural industry, a mass-market phenomenon epitomized by Hollywood movies. It was a trend that Mr. Adorno, and his disciples in Europe, despised and feared because of their

Fifty Years After D-Day

These are the 10th and 11th articles

foreboding sense that Europe was heading for

the same destiny.

Has that premonition materialized? Has the

triumphant procession of American culture lev-

eled Europe's society intellectually and cultur-

ally? Nowhere in Europe is this issue debated more earnestly than in Germany, perhaps be-

cause it was not a publicly acceptable question

for many people in a nation marked by Nazisni

end of the Cold War, German intellectuals bave

started debating the validity of the country's

political orientation in a single direction and asking whether there is a valid cultural entity

called the West. It is perhaps a legacy of the Cold War that cultural values and political

alliances are so intertwined for many people.

neighbors but going much farther — chose to think of itself as part of a West European

Since the reunification of Germany at the

in a series on the future of the

American-European relationship.

that rallying cry is echoing again as conservatives declare that Germans have abandoned their identity to America. Botho Strauss, an author and an influential voice in the debate, has moderaized the tradi-

tional German fascination with Faust to terms of selling one's soul to Hollywood. Even a moderate like Jürgen Habermas clearly feels new tension about the alleged dangers of a "Hollywood hegemony" made in the United

A powerful current in traditional German culture, which went along with the concept of "sonnerwegen," or "special way," that exposed Germans to so many excesses in the first half of this century, has survived the postwar decades as if it had been in hibernation. Now it is coming back as a touchstone for criticism of international culture at the end of the century.

Since the left has been discredited so hadly in Europe, the most energetic developments are occurring among what can be called in Western countries a new right, It is also symptomatic of the times that this new right seeks to root itself in a tangle of intellectual traditions, often logically irreconcilable but capable of fueling confused aspirations.

In Germany, for example, much current ferment seems to hark back to the calls for a new Renaissance along the lines propagated in the 1920s by the romantic writer Stefan George and another even more exceptional figure the writer Rudolf Borehardt. Scarcely known outside Germany and rarely discussed in this country for decades, Mr. Borchardi is enjoying a vogue as the champion of a German spirit that would give the world a "conservative revolution."

An important figure in his time, a friend of Thomas Mann and Rainer Maria Rilke, Jewish but tolerated by the government, he was murdered by Nazis in 1945. Almost a taboo in In the current dehate, arguments are resur-facing from the 1950s, when Germany had not found a clear basis for itself. Ultimately. West Germany—moving in the same direction as its and intellectual destiny and the future of its

Theodore Adorno, the founder of the Frank- community. But that choice had to be defined discussion is under way throughout Western Europe now, and perhaps may occur later in Eastern Europe, which today is still dazed by

This is a new "Anti-Americanism." the title nf a widely read, controversial book. Dan Diner, the author and a 1968 militant who now teaches history in Essen and Tel Aviv, has not become a neoconservative out of repentance for his youthful leftism.

Rather, he lambasts what he sees as a tendency on both the right and the left in Germany. and more generally in Europe, to want to distance themselves from the United States. This new, subtler form of anti-Americanism has in common with the postwar Cold War variety that political ties and cultural substance are intermingled. Whereas Cold War politics dictated war on American-inspired culture, today the temptation is to get rid of America culturally first, then politically.

This strain runs deep and is not confined to nostalgic romantic or nationalistic extremists. A perceptive essay in a recent survey of Germany by the American scholarly quarterly, Daedalus, brings out a deep discomfort and profound mistrust of Anglo-Saxon culture -as too liberal and too permissive - even among the most open-minded modernizers on the new left, even when rhetorically they cling to Western ties as a rampart against sliding back into the old night-

Symbolically, this German debate bas come to a climax around the movie "Schindler's List." In essence, the cornerstone of European intellectuals' ability to feel condescending toward American popular culture was a conviction - perverse-sounding when put so baldly - that the Holocaust made Europe infinitely

That history, the defining experience of our bumanity, could never be adequately dealt with, certainly not by Hollywood, European intellectuals told themselves. Perhaps that history weighed so heavily on European intellectual consciousness that it pressed the energy out of contemporary culture, but at least Europe had the dignity of having a reason for lacking

hasn't this movie been made in Germany? Or why hasn't this movie been made in France or Britain nr anywhere else in Europe about colonial wars, or treason, or all the other real reasons for collective denials? "We can't understand Auschwitz, but Hollywood definitely can't and can't even deal with a world in which Auschwitz is imaginable," ran the rationaliza-

In all the pedantic and apologetic answers to this question about the failure of European culture to be central to our concerns, it is all the more striking to see that it is "Hollywood" the image of what Europeans felt made them superior - that has taken over the intellectuals' main theme: coming to terms with the past. This has shaken our cultural certainties, perhaps no less than the other shocks to the pride and credibility of the intellectuals who play so much larger a role in Europe than their Ameri-

can counterparts occupy in the United States.
Plainly, Germany stands at a cultural and intellectual watershed. The confusion is deepened by the voices of former East Germans, who have not lost the lifelong reflex of rejecting the West. The real problem, however, is not one of ideology but of talent. Where are the writers, film makers, painters, composers capable of legitimizing, as they did in the 1920s after the previous exterminatory war, a national culture? In the culture inherited from West Germany,

as generally throughout Western Europe, the long peace was dominated by personalities that appeared in the postwar period and then by a younger generation that emerged in the early 1960s and now seems spent. Acknowledging this vacuum, one of the rare younger talents, the essayist Hans Magnus Enzensberger, vennured the notion recently that the era of the European intellectual may perhaps have come to an end.

Of course, this pessimism is vintage Europe an intellectual, quintessential cultural pessimism, a German speciality. It is probably the oldest continuing strand of European thought, now juiced with the added kick of another millenium being nearly upon us. Even so, the vehemence of this new, incoherent critique of

American culture is puzzling, especially in Ger

The second secon

Unlike French intellectuals, who sought a "dialogue" and "understanding" with the Communist intelligentsia and were ultimately discredited by it, West German intellectuals on the whole have no history of combat with the United States. So complaints about alleged cultural hegemony seem oddly pale and misguided. Pethaps the only point that is clear is that there is a strange, disquieting convergence between the old left and the new right in this? anti-Americanism.

Oddly enough, this points to a reason for optimism because it suggests that the cultural and intellectual experience since 1945, at least in the two Germanys, will come to be seen as a generational experience. On both sides of the Wall, a single generation — intellectuals as much as politicians and managers — lived through World War II and then stamped the 1950s and 1960s. It was a generation of people whose decisive adolescent encounters were with American GIs or Red Army troops.

It is no coincidence, to use a Marxist phrase. that we find so useful, that in the major novels. of the Third Reich, the heroes always appear as children, whether in Gunter Grass's "Lin Drum" or Christa Wolf"s "Kindheitsung

This generation flagged in recent years. In Germany, certainly, the public became a one-way street in which more and more material came into our culture and less and less seemed to head the other way. Even old European cultural ties seemed to atrophy: Germans started getting the latest French trends from Americans who discovered them first.

Deconstructivism, for example, was transmitted from Paris to Yale and other Americanacademic centers and then from there came back to West Germany and even East Germany. Little of the fruitful promiscuity seemed to survive in the Paris-Bonn axis at the center of European politics and prosperity. Instead of American hegemony, this will be described by historians as a period when Europe ran out of intellectuals and artists. It is time for a new

# the East German government. think of itself as part of a West European Western ties. In more muted terms which hands in the East German government. The Elife and The Ection Western ties. In more muted terms the Enterged Section of the Enterged Section of Claims to represent the absolute and sublime and the appearance of the liberal, bourgeois state of the movies of the series in 1984, it seems to represent the absolute and sublime and the appearance of the liberal, bourgeois state of the movies of the series in 1984, it seems to represent the absolute and sublime and the appearance of the liberal, bourgeois state of the liberal bourgeois state of limited power — which gave people more free limited power — which have which have the limited power — which gave people more free limited power — which gave people m

# Youngish American Idealists Still Cherish the Enlarged State

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The writer is a columnist for the Washington Times. His most recent book is "Capturing the Culture: Film, Art and Politics."

American mores impose certain taboos. The word "socialism," for example, is never used. Europeans might consider that policies of a democratic-socialist tendency date from Frank-lin D. Roosevelt's first administration, but the philosopher John Dewey's terminology for it And American taboos, naturally, also extend

to public policies: Unlike Europe, America has never had a large-scale movement to oationalize or collectivize any sizable sector of the economy. For many decades, the watchword of the American left has been, "Don't nationalize, regulate!" It is code for what is, after all. socialism's strongest suit by far - its "vision." ' After all, youngish American idealists like President Bill Clinton bave never seen applied

ventional socialism, so they are consequently still entranced by the socialist vision. Moreover, the Clinton administration conns more Rhodes scholars and people from Harvard and Yale than any administration in U.S. history and, since these people are plentifully endowed with what Frederick Hayek called "intellectual hubris." they are undeterred, and along with America's entire elite

In their own country anything resembling con-

culture still embrace an enlarged notion of the state, naturally under their control. And though the fact bas not quite been grasped by the American public. Hollywood is now filled with people from America's elite universities, and the less-educated people in the entertainment industry certainly take their values and notions of bow to improve society from

the same source. The question of why this should be so prompts the point that the West, a society that opens itself to criticism as no other has done, has constantly bred fierce attacks upon itself for nearly the entire modern period.

My conclusion, not just of today but initially offered in essays I wrote in the 1980s, stems from an insight of the sociologist Max Weber, who wrote that artists and intellectuals have great difficulty giving their allegiance to states or political systems "from which the absolute and sublime values have been withdrawn."

We arrive swiftly at the heart of the matter: the dismay of most modern artists, among them film directors and even actors, at the loss of absolute and sublime values. In the long range of history, this is new

· Until the French Enlightenment, the Romantic movement and the American and French revolutions, the artist saw himself as a celebrator of his society and all its values, which to him - if not to aesthetes of today - were noble and heroic. It was only with the modern

limited power — which gave people more free-dom than they had ever had in history and often more than they knew what to do with that the artist was cut loose,

In effect, the artistic temperament identified with aristocranic values, which, of course, no longer existed as a sociological reality. In the wake of Hitler, it is almost entirely forgotten, and often avoided in politically correct debate, that traditionally the alienated artist's preferred refuge has been the right, including all its mad

At the time of the Dreyfus case, most of France's fashionable writers and artists, despite Emile Zola, were ardently anti-Dreyfus and, yes, anti-Semitic. These attitudes were all of a piece with what they rejected as the vulgar, mercantile world. Today, of course, with racism discredited, artistic spirits who yesterday would have been anti-Semites have risen to being socialists. Yesterday, the community that symbolized for many the greed and materialism of the modern age was "World Jewry." Today, that position is held by the United States.

This reasoning about the artist's need for utopianism, no matter how twisted, was an insight that coalesced among American conservative intellectuals in the 1980s. At the time, I wrnte that "it is there for all to see, go where you will, abroad or at home. You may try it for size on any exalted, artistic radical you meet. filled with loathing for our soulless, materialist, capitalist world. Yesterday's anti-Semite is today's anti-American."

This ideology — with a lineage running through socialism, to central planning, to 'equality" as a utopian ideal - prevails in the film industry, which has in the last quarter century become an appendage of America's great universities.

Unlike the tenured revolutionaries of U.S. universities, however, Hollywood's devotion to the idealisms of the day is tempered by its need to make great amounts of money. The pressures of the marketplace are a brake, but only a partly effective one. A wag once said that Czarist Russia's form of government was "autocracy tempered by assassination," and I have said and still say - that the American entertainment industry now has a politics of its own: utopianism tempered by greed.

The point was evident in the early 1980s, long after the last tatters of respectability bad been removed from the Soviet cause. Hollywood, however, was still bent on honoring movies and film makers who proclaimed their anti-American views as a claim to intellectual virtue.

Remember the confusion caused by the stirring popular impact of Clint Eastwood? Long before he was considered fit for public consumption at European film festivals, it was

state's progressive renunciation of claims to obvious in America that his films hit profound

Reflecting on "Dirty Harry" and the other movies of the series in 1984, it seemed clear to me that the theme which hangs over all the "Dirty Harry" movies, and perhaps to a lesser extent all of Clint Eastwood's career, is vigilante justice. It is a theme deep in American culture, literature, films, and popular fiction: a man alone in a corrupt world, the lawless West, or the jungle of cities.

The sinister twist in the "Dirty Harry" series is that what has corrupted justice in our time. and made it so hard to obtain, is a kind of liberalism gone mad. Thus: Dirty Harry. Dealing with murderers, real or potential, in defense of innocent people, and acting entirely within the rules, "Harry Callahan" does not hesitate to kill. As for the beartlessness, even gratification, that the Clint Eastwood character demonstrates in destroying the social vermin who, he obviously feels, are themselves destroying the fabric of our society. Mr. Callahan, one feels, is the right man for the job.

Mr. Eastwood, who almost never grants interviews, denies that his films are the least bit political. (In private life. Mr. Eastwood financed an armed mission by a decorated U.S. veteran of the Vietnam War to try to recover missing Americans believed held in Laos in the carly 1980s.)

For a long time, that stance allowed Hollywood (and New York, where the critical community is centered to view him as fodder for a bare-knuckle subculture. But by the early 1980s, be was already overtaking John Wayne as the most durably popular male movie star in history. By now, even Hollywood has nonced - to the point of mythologizing the man without noticing the cultural thrust of his movie-

For Hollywood's utopians, the situation was muddled by the disappearance of the Soviet Union. But for the left, in America as in Europe, the Soviet model was long ago supplanted in intellectual affections by, roughly in turn: Cuba, China, North Vietnam, then back to Latin America and the Caribbean for whatever Marxist-Leninist regime or revolutionary movement that was in the spotlight.

Meanwhile, film makers in these countries been and in the West as well have been slow to tackle the political essence of the great causes that they have championed until all credibility

Western enthusiasm for the emerging film industry in China, for example, never demanded the quality of movie that finally emerged last year with "The Story of Qiu-Ju," the most sophisticated of director Zhang Yimou's films. Even now, China's censors obtained concessions in his presentation. But this remarkable film maintains its universal theme: In all societies, particularly in those emerging from severe political repression, individuals crave respect.

And in political systems pretending to omniscience and ordering their every action, respect

has been denied them. Such great movie-making about our times has not deterred America's intellectual elite from seeking, in a radical, revolutionary fashion, new causes to be emotionally embraced. The latest is "multiculturalism" which in practice has become the American code word for the equality of all cultures. On this issue, contemporary enthusiasm has caused problems even for Saul Bellow, a Nobel Prize winner for

"Give us a week's moratorium, Dear Lord," wrote Mr. Bellow recently, "from the idiocies that hurn on every side and let the pure snows cool these overheated minds and dilute the toxins which have infected our judgments. Grant us a breather, merciful God."

The problem for Mr. Bellow was that be had been quoted as saying that the Papuans had no Proust and the Zulus no Tolstoy. He was promptly castigated by the upholders of American social virtue. The notion of equality so pervasive in fashionable American educated circles today, which goes band in glove with an expanded role for government, prescribes that no culture or individual be thought superior to

in outraged condemnation of what he con-

siders the drift in America's elite culture, he declared: "In any reasonably open society, the absurdity of a petty thought-police campaign provoked by the inane magnification of 'discriminatory remarks about the Papuans and the Zulus would be laughed at."

THE WAY THINGS WERE - George Itzel, who landed in Normandy as a young American soldier in June 1944, chatting about

his experiences during the invasion 50 years ago with two latter-day American troops at the U.S. military cemetery at St. Laurent.

None of this has discouraged Hollywood from trying to do good and do well on fashion-able issues of the day: feminism, environmentalism, anti-racism, animal rights, homosexual rights, bisexual rights, the rights of AIDS vic-tims, of the handicapped.

The absurdities of this lengthening list of

olitically correct issues have never deterred Hollywood from seeking to do good. Now many of the new idealistic movies would not at first glance seem to have much to do with socialism. We've had films in defense of the rights of victimized women ("Thelma and Louise"), the handicapped ("My Left Foot"), lesbians ("Fried Green Tomatoes") and AIDS suf-ferers ("Philadelphia"). And these are only the ones good enough to be heard of: I'm sparing you the much, much longer list of those that bombed despite their worthiness.

As an example of the value of such films, take the plea on behalf of environmentally responsible Indians, "Dancing with Wolves," a picture much revered in both the United States and in Europe, especially cinematically enthusiastic France. The actor-director Keven Costner, naturally, is at great pains to demonstrate that his Indians were not inferior to the invading white man, but in fact were truch superior in harmores Constants

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In reality, of course, the Sioux massacred, raped and carried women and children off intocaptivity. They tortured for entertainment. By converting these Sioux into gentle, vaguely pac-ifist bucolies, Mr. Costner, in a state of holy empty-headedness, has falsified history in a register that matters terrifically in the Ameri-

But after all, these people - most of Hollywood's bankable names, stars and glamor directors - are the world's film artists, and like other artists they want to believe in something good, something higher than this miserable, self-centered, selfish world they see around them - above all in Hollywood.

They hardly know better. They just became artists the day before yesterday. Before that they had little more intellectual status than circus acrobats.

In addition to which, they are American: they bring to these matters a wonderfully innocent eye. Does your average American believe all these "politically correct" ideas being handed down to him by his country's clite? Well, no, he doesn't. But there are signs that they're wearing him down.

# Frankly,' Berlusconi Says, Politics Isn't Pleasurable

By William Drozdiak Washington Past Service
ROME — Silvio Berlusconi dimmed the

lights and drew the blinds in his elegant office at the Palazzo Chigi. Even at sunset, his day seemed far from over. There were cables to read, legislative plans to approve and other tasks of governing that he says keep him working until as late as 2 A.M. Three weeks after becoming Italy's prime

minister - and only three months after he entered politics — one of Europe's biggest media tycoons is struggling to adapt to his new role of running the world's fifth-largest industrial democracy.

"Churchill said politics is fine, except you have to shake too many hands and deal with too many stupidities," Mr. Berlusconi said last week in an interview. "I'm used to shaking hands, because of my involvement with ocer and show business, but not to listening to the enormous number of stupidities that I

hear in politics." "I have 11 houses spread all over, including an extraordinary park," he said, "Now I am forced to lead a life that, frankly, does not please me. However, I consider myself to be

lighting a war on behalf of my country. When President Bill Clinton opens his European tour on Thursday by paying a call on Italy's reluctant crusader, he will find that Mr. Berlusconi's astounding political rise is still generating shock waves across the Conti-

The 57-year-old businessman was swept

into power on a tide of voter disgust with the corruption-ridden caste that had ruled Italy for four decades, stirring fears of further populist revolts against mainstream governments in Europe.

He has appointed five cabinet ministers from a party with neofascist roots, arousing fears in France and Germany that their entry

'I consider myself to be fighting a war on behalf of my country.'

Silvio Berlusconi

into government will legitimize the growth of extreme right movements across the Conti-

He has also mapped out a vision for a freemarket revolution in one of Western Europe's most socialistic states that surpasses in scope anything attempted by his conservative role models, former Prime Minister Margaret Thatcher of Britain and former President

And he has declared that, at least for the time being, be will govern the country while maintaining a vast business empire with holdings in real estate, insurance, press and television, raising the specier of conflicting personal interests with almost every legislative measure he tries to push through Parlia-

Mr. Berlusconi's opponents accused him of using his three television networks, which control about 45 percent of the national audience, to brainwash voters and secure his victory in the general elections.

He, in turn, believes they are jealous of his success in finding a formula that rallied the vast majority of young voters behind the free enterprise banner waved by his Forza Italia

"I know the young generation well." he said. "They grew up seeing America through the television shows that I brought to Europe. They have come to believe in the meritocratic philosophy that will help us develop a more liberal and free-market society without losing our cultural roots or traditions.

"Young people everywhere now share the same political values. The French may be very jealous about their identity, but Italians have no complexes, no feelings of inferiority or superiority. We are more ecumenical."

Nonetheless, the sight of seeing a media tycoon achieve a sudden leap to the pinnacle of positical power has alarmed some of Italy's neighbors. "This is an approach to democracy we are

not used to and that appears fearsome to me," said President François Mitterrand of France, pointing to the demagogic risks of seeing the boss of a 56 billion media conglomerate at the head of a major European government. "This is an example that others will try to imitate. There is a serious risk of perverting

democracy. The moment has come to say: Stop! Danger!" Mr. Berlusconi hrushes off Mr. Mitter-

rand's warning as the kind of partisan carping he must endure from Italy's former Comnists and their leftist allies in Europe. "I have no operational role anymore in any of my companies," he said. "I am completely removed from their activities."

Mr. Berlusconi said he was forced to enter the political arena when centrist reformers such as Mario Segni, a maverick Christian Democrat, failed to organize an effective coalition that could block the path to power by the leftist alliance led by the former Commu-

"I had a very interesting and entertaining life, and I had no desire to change it." he said. "But I found my country facing a future without liberty or democracy. I was obliged to go into politics against the advice of my family, my friends and, above all, against my own interests. But I realized my life as an entrepreneur would have become impossible under the Communists. whose program would have led my country into a terrible state without any hope of return."

Indeed, Mr. Berlusconi's empire, now close to \$3 billion in debt, probably would have collapsed if the leftist slate had been elected. Achille Occhetto, the leader of the Democratic Party of the Left, the former Communists, had vowed to strip Mr. Berlusconi of his lucrative television stations.

# **Neofascist Wants Homosexuals Put in Concentration Camps**

ROME - An Italian neofascist candidate for the European Parliament provoked anger here on Sunday by saying that homosexuals

Piero Buscaroli, who is a candidate of the neofascist-led National Alliance, which bas five ministers in Prime Minister Silvio Berlusconi's conservative cabinet, angered Italy's bomosexuals after his comments were reported by the newspaper Corriere Della Sera. In an interview, he confirmed his views, say-

ing that homosexuals had no place in society.

They lead terrible lives," Mr. Buscaroli, 63, said by telephone. "If it were up to me, I'd send them all to live in concentration camps Mr. Buscaroli, a journalist who contributes

in Il Giornale, a Berlusconi family-owned newspaper, is a member of the neofascist Italian Social Movement, the political heirs of Mussolini and the core party in the Nanonal Alliance. Though his comments were disowned by his

party, gay rights groups said they feared that Mr. Buscaroli's statements signaled a new era of intolerance. This is the sort of sympathy that the parties in the new government have for minorities. said Francesco Grillini, the president of Arci-gay-Arcifesbica, the country's biggest homosex-

ual-rights group.
"We are alraid that the new government is reevaluating the values and methods of the past

- the Nazi-Fascist past," he said.

The National Alliance and Francesco Storace, a spokesman for the Italian Social Movement, disowned Mr. Buscaroli's comments.

Mr. Buscaroli made it clear that he would not support a resolution passed earlier this year by the European Parliament to allow homosexual couples to marry and adopt or foster children:

"Homosexuals disgust me," be said. "I can't even bring myself to shake hands with them. I am a reactionary, and I am more Catholic tian

#### Italy Seeks Settlement Of Slovenia Dispute

ROME — Italy wants to see Slovenia startmoving toward membership in the European Union, but only after problems between the two countries about wartime compensation are ironed out, the Foreign Ministry said Sunday.

On Friday, the Italian government blocked the inclusion of Slovenia in a group of Central and East European states designated as potential members of the Union. Rome is demanding compensation for Ital-

ians expelled after World War II from Slovenia. which was then part of Yugoslavia and had been partially occupied by fascist Italy. A Company of the Comp

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Monday, May 30, 199



# China

# A Great Economic Leap Forward, but the Hard Part Is Yet to Come

By Kevin Murphy

ELIING - Demanding to be taken more seriously by the world com-munity in nearly every aspect of international trade and relations. China's newfound confidence stems from its startling economic reforms.

But as any Chinese government reformer, industrialist or simple worker will attest, the hardest part is yet in come.

Fifteen years after Beijing first allowed then-radical reforms in the countryside that granted farmers limited responsibility over their own production. China has embarked on a top-10-bottom restructuring of the way wealth is distributed and economic decisions

In 1979, 95 percent of prices were determined by the state; now less than 6 percent are. Over roughly the same period, the economy has grown at an annual rate of 9 percent.

hitting 13 percent in 1993, well off the plan-ners' charts. But as individuals and industry alike are

forced to fend for themselves in a world where they will no longer be "eating from the same big pot" — the Chinese phrase for now-outdated egalitarian ideas — subtly but rapidly, power is shifting to market-responsive institutions and away from powerful individ-

ual Communist Party cadres.
China's reform game plan, building what it calls a socialist market economy, rests heavily on the expansion of the market economy and private investment, but reserves for gov-ernment planners a preeminent role in or-chestrating overall development and firm. one-party political rule,
The reform here in China is imprecedented

and it has proven very successful," said Ma Guofeng, a senior economist and deputy director at the powerful State Commission for Restructuring Economic Systems in Beijing. "We drew upon the experiences of other countries, but only hy integrating some ideas into

"We have stuck resolutely with leadership hy the Communist Party," Miss Ma, a veter-an reformer, said proudly in a recent interview. "In a multiparty system, self-interests would compete with each other and no one would care about economic development."

However, many different interest groups are emerging as market forces exert their influence, foreign trade and investment flows expand, and party members and the People's Liberation Army seek to "liberate their pro-

Because powerful new interest groups are forming and its economic transition is incomplete, China faces its greatest challenge yet in its bid 10 develop. This was underscored in 1993 when an overheating economy appeared untameable, and various groups resisted a tightening of credit and moves to reduce speculative investment.

China, according to economists at home and abroad, now stands halfway between two economic models - command and market - and two systems of overall control. In the middle lies possible chaos: runaway inflation, strikes, damaging speculation, corrup-

"In the first two stages of our economic reforms most people got more wealth, said Lu Yonghua, a senior official at the State Commission for Restructuring Economic Systems in Beijing. "The next stage will be more difficult, because some people may think the changes are taking something away

A new taxation system, a new hanking system that improves monetary control, refor cradle-to-grave benefits for their workers. rules aimed at removing bureaucrats from the husiness world — all will disturb vested interests across China, forcing them to deal with market forces and, in many cases, cost-

ing them money.
"The argument in China now is not 'do we open the door further?" said Nick Moakes, a China analyst with S.G. Warhurg Securities in Hong Kong. "It is 'How do we keep a political lid on things?"

OUNTERING reports of recalci-trance by provincial officials who resent meddling in their own plans, increasing worker militancy and peasant revolts against party bosses who have exceeded their powers for personal gain. Beijing's planners champion the paramount need for social stability as the key to their

steady and largely uninterrupted successes.
"Our reforms forge ahead with ups and downs," said Mr. Lu, debunking the idea that East European-style "shock therapy" could work in China. "The success of our work can be attributed to our theoretical planning and preparation of people's thinking. Slow but

steady changes reduce the shock to society." While some bureaucrats privately express hopes that China's reforms can be quickened, collectively Beijing's leadership congratulates itself for avoiding the kind of difficulties plaguing Russia and East European coun-

tries to a lesser extent. Setting its troops against student demonstrators in Tiananmen Square on June 4, 1989, an act that saw Beijing condemned, then ostracized by the world community, was an acceptable price to pay for keeping the reform program on track, said President Jiang Zemin in a controversial statement this

"The Chinese have been reforming since 1978 in an ongoing process whose hallmark has been a careful gradualism." said Andrew Freris, chief regional economist with Salomon Brothers (Hong Kong) Ltd.

"They are quite successful in what they are Continued on Page 12

# 'Stock Fever' **Brings Flood** Of Domestic, Foreign Issues

But Investors Are Wary Due to Growing Pains In Fledgling Markets

HANGHAI - "If we just let companies queue up to be listed, there would be 10,000 outside our door tomorrow," said Li Qian, director of public relations for the Shanghai Securities Exchange. The exchange is jammed, along with a karaoke club and other offices, into the old Pn Jiang Hotel opposite the Russian consulate just off

the famous Bund. Miss Li is probably right. China's stock market experiment has proven a success with local industry. Eyeing expansion possibilities de a dearth of Check Chinese companies have joined the rush to cash in on "stock fever" with a flurry of listings

on stock exchanges at home and abroad.

An integral part of Beijing's economic reform program, the move to reopen the Shanghai exchange 42 years after the 1949 Communist victory saw it shut, has been hailed as a measure of China's embrace of market econo-

They may have a long way to go, but China's securities markets are moving faster toward openness than many others in the region," said Chris Legallet, a director of Jupiter Tyudall (Asia) Ltd., a fund menagement

group.
"Trading liquidity has improved and the authorities are eager to improve," said Mr. Legallet, who manages the London-listed China Investment Trust PLC. The regulators are not just sticking their heels in the sand."

To those companies given permission to sell shares, especially those that have raised hard currency through international issues, it is something more practical than symbolic: a headstart on their cash-strapped local rivals.

However, investors, both domestic and international, now appear far less concerned with more new issues than with trading losses, contradictory regulatory trends, ideological dilemmas and a host of pressing problems in the fledgling markets. .

Long gone are the days when millions massed outside the country's two authorized stock exchanges in Shanghai and Shenzhen for lottery tickets to buy newly listed A shares and Hong Kong brokers begged for new B shares, those designated especially for foreign inves-

This is all a completely new subject for us," Liu Hongru, chairman of China Securities Regulatory Commission, said in a recent interview. We lack experience, we lack qualified people and we have few relevant laws and regulations."

You may say that the Chinese securities

market is at an infant stage and there is much room for improvement, said Mr. Liu, whose high level government body supervises stock and bond market development while approv-ing candidates for listing. New problems open up every day."
When will A and B shares be combined?

(Currently the As trade at a hefty premium to the Bs despite their equal entitlements for shareholders.) Has China scuppered its own markets by allowing some of its best companies to list overseas? Will company directors respond to inves-

tors' demands for greater disclosure and better management? Have merchant banks underwriting China listings overseas been too bullish on their pricing estimates?

u mer pricing estimates?
Such questions matter little in China's longterm market development agenda despite their

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#### INSIDE

The environmental Page 8 challenge. Page 8...
A dissident reassesses Tiananmen Page 8. The army is a force to



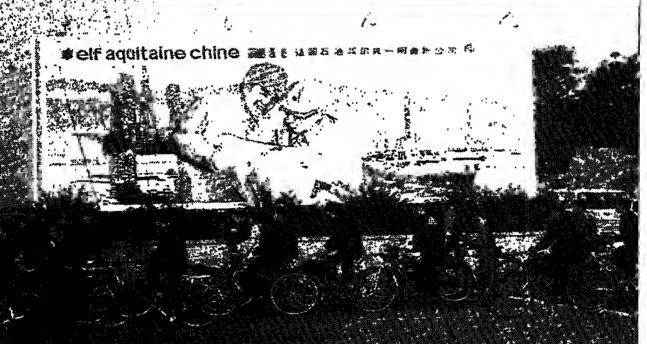
Japanese companies are beginning to invest in China a big way.

Steps to end the Iron Rice Bowl. Page 12.

Steps to end the Iron Rice Bowl. Page 12. ing shortages are a problem in cities, for expatriates and for residents. Page 14. Air safety remains a big concern. Page 16. Commercial television booms, but filmmakers -Page 17. íace a crackdown. Female ramers set world records. Page 17.







Scenes from a changing China clockwise from top left: Skyscrapers, and other signs of affluence in the special economic zone of Shenzhen, window shoppers in Beijing; a billboard promoting a French enterprise in China.

# Despite Economic Gains, **Human Rights Lag Behind**

By Lena H. Sun

ELIING — Four years ago, the 35-year-old office worker's apartment was too small to fit his wife and child. Now, the income from his husiness deals allows him to have a spacious, air-condi-tioned flat, to send his daughter to an expensive private school, and to contemplate buying a car to drive to a future weekend home in the

Somewhere in those same suburbs is China's most prominent political dissident. Wei Jingsheng. For the last two months, he has been under house arrest while the government tries to build a case that might send him back to jail. He was released from jail last September after spending nearly 15 years in prison for advocating democracy.

The contrast between the two men illustrates the lopsided development of human rights in China in recent years. In the five years since the Chinese Army opened fire on pro-democracy demonstrators, killing hundreds, possibly thousands, human rights has been at the core of the debate in U.S.-China policy. President Bill Clinton decided Thursday to

new China's most-favored-nation trastatus, ending the linkage between trade status and buman rights. Although Mr. Clinton said China was still guilty of "scrious buman rights abuses," he said be was "persuaded that the best path for advancing freedom in China is for the United States to intensify its engagement

with that nation." There is no question that the sweeping economic reforms launched 15 years ago under senior leader Deng Xiaoping have brought unprecedented prosperity to millions of Chinese. For the last two years, China's economy grew at about 13 percent. Rising incomes and standards of living bave spawned an emerging middle class with increasingly sophisticated expectations and desires. As foreign investment continues to pour into China, that process will accelerate, especially in places like southern China's Guangdong province, where foreign trade is the backbone of the economy.

Ordinary Chinese also have much greater freedom in their personal lives as the system of social control slips out of the government's grasp. In the past, every Chinese belonged to a work unit. The work unit determined wages and promotions, as well as when an individual could get married, have a baby, and travel. Now, increasing numbers of Chinese work outside the work-unit system, going into business for themselves or foreign companies. The risks are greater, but so are the rewards. Greater mobility has brought millions of Chi-

nese tourists to Beijing to pose for snapshots in Tiananmen Square or sample Big Macs at the nearby McDonald's. Wealthier Chinese are even taking vacations abroad, a concept that would have been unthinkable a decade ago.

"They've been to Thailand, now they want to see Hawaii," said one western diplomat in the southern city of Guangzhou. "There's a lot more personal space now."

But economic prosperity has not brought about improvements in basic political and judicial rights. Despite the broad guarantees of rights enshrined in the Chinese constitution, China remains a police state. As part of government policy, nearly I.2 billion people are deprived of freedom of speech, freedom of association, and an independent judiciary, among other basic rights.

While free-wheeling call-in radio shows give advice about sex, the torture of prisoners is more widespread now than a decade ago, according to Amnesty International. Peasants on the outskirts of Beijing can watch Phil Dona-hue courtesy of their satellite dishes. But last year was the worst year for political arrests and trials in China since mid-1990 and the aftermath of the Tiananmen Square crackdown on the pro-democracy movement, according to Human Rights Watch/Asia.

In the run-up to Mr. Clinton's decision on China's most-favored-nation trading status, China released some political and religious prisoners in a human-rights gesture. But many more arrests of lesser-known individuals take

place all the time, according to rights groups. tion in China has improved considerably since the Maoisi era. During the terror and persecution of the 1966-76 Cultural Revolution, individuals could be tortured to death in a wave of mass hysteria for inadvertently wrapping fish in a picture of Chairman Mao.

UT the standard of Mao's era should not be standard for the world's fastest-growing major economy and a China that wants to be seen as a

responsible world power.

"Human rights means having a reliable guarantee under a system of law that says you can do certain things," said Andrew Nathan, a professor of Chinese politics at Columbia University. "In China, you may or may not be able to do certain things, but there isn't any reliable guarantee."

That is especially true at the grass-roots level. Decentralization has allowed local officials to become despots, with abuses of power unchecked by higher-level authorities, peas-

ants say. Chinese officials frequently argue that human rights in China means being able to feed and clothe its nearly 1.2 hillion people. But Chinese often scoff at this argument. According to the Ministry of Public Health, only one in seven rural Chinese has safe drinking water, meaning nearly 800 million Chinese, more than three times the population of the United

States, lacks a very basic human right. Wang Xizhe, a veteran political dissent who spent 14 years in jail for his pro-democracy activities, points out that the ruling Communist Party also called for democracy when it

help pay for the modernization program.

Maritime Affairs in Kuala Lumpur.

ing's agenda in the South China Sea.

Beijing's ultimate strategic objective is to

"convert the entire South China Sea into a

Chinese lake," according to B.A. Hamzah, di-

rector-general of the Malaysian Institute of

He said that with China running short of oi

to fuel its rapid growth and industrialization;

economic motives appeared to be high on Beij-

LTHOUGH China is the world's

fifth largest oil producer, surging

demand and stagnant domestic out-

put are set to make the country a net

importer of crude oil this year for the first time

in three decades, the East-West Center in Ha-

China's armed forces already have a major

Analysts said that this role is likely to be

come even more decisive after the demise of

senior leader Deng Xiaoping when weak civil-

ian leaders will have to be even more mindful

voice in policy-making by the ruling Commi-

Continued on Page 12

# Beijing Casts Long Shadow Over the Nations of Southeast Asia

ant states on such a plan have so far made little

Vietnam and regarded as ominous by other

Southeast Asian countries. Crestone Energy

Corp., an independent U.S. oil company, an-

nounced in April that it had begun a search for

oil and gas near the Spratlys in a huge contract

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area granted by China.

VIETNAM.

South China Sea

In a development condemned openly by

By Michael Richardson

NGAPORE - Although anxious to maintain good relations with China virtually all Southeast Asian nations regard Beijing's behavior in the South China Sea as a liturus test of its future intentions toward the region.

Official Chinese maps show Beijing's claims over the sea, and the seabed oil and natural gas reserves in the area, reaching to within 48 kilometers (30 miles) of the coasts of Vietnam, Malaysia, the Philippines and Brunei.

Gerald Segal, senior fellow and Asian specialist at the International Institute for Strategic Studies in London, says the central question is the extent to which China is prepared to pursue its claim even at the cost of alienating Southeast Asian nations, Japan and the United

Both Tokyo and Washington are concerned to maintain freedom of navigation in the South China Sea.

Amitav Acharya, coordinator of a security project at the Center for Asia Pacific Studies run jointly by the universities of Toronto and York in Canada, said that "the potent combination of annual double-digit economic growth rates and double-digit increases in military spending since 1990, places China in a position to dictate the regional balance of

He said that whether China would actually choose to exercise its power in this way remained to be seen. "But its growing military muscle has made some regional countries ner-

Chinese forces seized the Paracel Islands in

the northern part of the South China Sea from Vietnam in 1974. They established a foothold in the disputed Spratly Islands, a widely scattered cluster of about 90 islands, atolls and reefs in the southern sector of the sea, when they captured several Vietnamese-occupied

The Spratlys, which hold the key to control of surrounding offshore resources, are a major point of potential conflict in the South China Sea through which run important international trade routes, including those bringing Middle East oil to Japan.

HINA, Vietnam and Taiwan claim all of the Spratlys, while Malaysia, the Philippines and Brunei claim those that lie closest to their territory. All hut Brunei have stationed forces on the islands and reefs they occupy, and it is clear that that armed clashes are a real risk.

Yeo Ning Hong, Singapore's defense minis-ter, said recently that it was a good sign that the Spratly claimants had expressed their intention to resolve differences through negotiations and to consider joint development of the area.

However, he said that "the real test will come should resources, particularly oil, be found in the area." Mr. Yeo said that Beijing's assurances that China would not be a military threat to its

neighbors were encouraging. But for some time to come, he added, "countries in the region will continue to examine closely what China does to see if its actions match its words."

lys be put aside in favor of joint cooperation

projects, informal talks between the six claim-

Randall Thompson. Crestone's president, said that the American company, working closely with a Chinese state oil company, was support and protection from China." While Beijing proposed several years ago that rival claims to sovereignty over the Sprat-

(5,076 square mile) contract zone.

undertaking seismic surveys and would start exploratory drilling later this year with "full He added that seismic data indicated that there could be "tremendous hydrocarbon re-

serves" in Cressone's 25,155 square kilometer

Crestone was granted its prospecting rights and their own profit-making enterprises to in 1992, and Hanoi and Beijing have waged a war of words since then. Crestone's concession is about 300 kilome-

ters from the coast of southern Vietnam and is close to contract areas granted by Hanoi to two separate international consortia, one headed by BHP Pty. of Australia and the other by Mobil Corp. of the United States.

Analysts believe that the growing influence of the armed forces in China and dwindling domestic oil supplies are pushing Beijing to try to enforce its claims to control nearly all of the South China Sea.

Chinese military and civilian leaders have repeatedly denied that China has any intention

of threatening its neighbors. Nonetheless, regional officials are concerned that China is systematically developing the capability to project naval, air and amphibious power to take advantage of a receding U.S. and Russian military presence in East

Asia and the western Pacific.

Reflecting the influence of the armed forces in China, the official budget for 1994, unveiled in Beijing in March, gave the military a 22 percent increase over last year. Planned expenditure rose to just over 52 billion yuan (\$5.9 billion) from nearly 43 billion yuan in 1993.

ESPITE the rise, the military budget is still lower in U.S. dollar terms this year because of China's unification of currency exchange rates in January, which effectively devalued the yuan by 33 percent against major currencies. However, Western intelligence sources be-

lieve that the true figure for China's military

Chong-Pin Lin, associate director of China studies at the American Enterprise Institute in Washington, said that the rising political profile of the Chinese armed forces would ensure continued double-digit growth for the defense budget and continued upgrading of the coun-

of military interests.

waii said in a recent study.

try's military capability.

"Made increasingly confident by its military." buildup, Beijing may adopt a more assertive foreign policy even if it avoids the use of force in the region," he said.

spending is much higher than the published MICHAEL RICHARDSON is editor for Asid amount because the three million-strong armed forces can draw on other budget items of the International Herald Tribune.



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## China/A Special Report

# A Land Stretching to Support Its People

By Vaclay Smil

HE environmental challenges facing Job; LO China are immense, and even a costly and concerted effort could do little but slow down the rate of pollution BZ Eurit decosystemic deterioration during the next to 30 years.

UBZ LIGUI China's ouest for affluence is understand-Afred Eser percent growth rates is naive and misguided. For EostObreign observers make a fundamental cute-formen. d German Sheight Good to the control of the control North Aph puts on the environment prevent any simplis-

a Sultrain puts on the environment prevent any simplisd Mila Pine contemplation of China ever emulating Jad Portor an or duplicating fully the achievements of
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motion vi China will have to rely overwhelmingly on its militalist lawn resources. In terms of food production this malitalist lawn resources. In terms of food production this malitalist. that doubt dictate the most assiduous maintenance the viable agroecosystems, ranging from strict onservation of farmland, prevention of erosion hand replenishment of soil's organic matter. In derms of energy consumption this would mean bigorous fuel and electricity conservation, using the most energy-efficient industrial processes. and careful development of China's huge hy-

Fireenergy potential. Some people in the top Chinese leadership are Slearly aware of the threat posed by environmental degradation to the country's long-term socioeconomic well-being. My conservative calculations indicate that the abuse of China's environment costs the country annually an equivalent of at least 15 percent of its GDP—but practical steps, remedial or preventive, remain wholly inadequate.

A few numbers illustrate the magnitude of the existing problems and the sobering prospects. During the past 40 years, the country has lost about a third of its cropland to soil erosion, descrufication, energy projects (hydro stations, coal mining and to industrial and housing construction, Current Chinese per capita availability of familiand is barely above the Bangladeshi mean, and given the ongoing frenzy of road and factory building on the best alluvial land near cities, farmland losses will continue. Even if these losses were to be made up by reclamation of new land (such opportunities are increasingly scarce), population growth alone would reduce per capita farmland availability by more than 10 percent during the 1996s, and by 15 percent

more before the year 2025. From this shrinking land China will have to produce not only more food grain for more than 300 million additional people - the 1994 total of just over 1.2 billion will grow to at least 1.5 billion by the year 2025 - but also much more feed grain to satisfy a huge pent-up demand for more mean. Further intensification of cropping is thus inevitable, but this route has obvious physical limits. China is already the world's largest producer of fertilizers and it already irrigates half of its farmland. Higher fertilizer applications produce lower yield increments.

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In North China, home to 500 million people, water availability is already less than a third of the Indian average. About 50 million people in northern provinces do not even have a reliable supply of drinking water. The usual tunoff in the basin of the Yellow River is less than one-sixth of the average in the rainy south, and recent droughts have reduced this flow in dramatic ways. During the 1980s, the Yellow River's flow dropped repeatedly to less than half of the normal, and several times it ceased altogether for more than a month.

Recurrent northern water shortages have led to massive overuse of groundwater and to extensive surface subsidence. Quality of surface water has been steadily declining; new water-treatment facilities have helped in some large cities: but the overall volume of untreated waste water has increased, especially with the explosive growth of small rural and township industries. Even according to the official, and certainly overly optimistic, figures, less than 15 percent of China's waste water is treated to meet the state discharge standards.

Besides farmland and water, low forest cover and high rates of soil erosion are the other most worrisome environmental weaknesses. Traditionally extensive deforestation has not been reversed by massive post-1960 afforestation campaigns; only about a third of all plantings have survived, while overcurring, including illegal tree harvesting for fuel, has severely reduced China's stands of natural forests. Deforestation has reduced forest cover in a number of southern provinces by between 20 and 40 percent since the late 1950s. In per capita terms, China's wood reserves are now lower than these of any other populous nation. Higher soil erosion has been the result of deforestation, improper agronomic methods, and, in northwestern provinces, of spreading desertification.

Because of its limited oil and gas resources. China will have to burn even more coal to power its economic expansion. The country is already the largest producer of coal in the world, and hence the largest emitter of particulate matter and sulfur dioxide, Concentrations of soot and sulfur dioxide in northern Chinese cities, espe-cially in winter, are commonly five to 10 times higher than the Western limits. Moreover, acid emissions generated by this combustion are al-

and water is simply not available where it is a ready causing concern down, and in South Korea and Japan.

Even if electrostatic precipitators and desulfurization plants were in place to remove nearly all dust and sulfur dioxide. China's high consumption of fossil fuels would become an even more prominent source of carbon dioude, the leading greenhouse gas.

HINA'S emissions of all greenhouse gases (besides curbon dioxide from combustion also methane from paddy fields and cattle, nitrous oxide from nitrogenous fertilizers, and eldorefluorocarbons from refrigerations are already the second largest in the world, still far behind the United States and just ahead of Russia. China will become the world's largest emitter of greenhouse gases within the next 20 to 30 years. Should global warming become an indisputable reality during the new (generation, then China's economic and population growth would have enormous effects on the earth's climate - and yet there would be no obvious technical fixes for this imprecedented chal-

Many new environmental laws enacted since the early 1980s have not nonceably changed the pace of degradation, I leaner fucls and Her waste-water treatment in some major cities, large-scale distribution of more efficient stoves in rural areas, better protection of farmland in some highly productive agricultural regions, and the setting up of new natural reserves have been perhaps the most successful

Even the emergence of a democratic, freearket China could do little to change radicaleither the country's absolute copulation owth or its long-term environmental prospects. Ultimately, all economies are just subsystems of the global ecosy dem. Tomorrow's China behaving as if there were no limits to its prosperity would inflict irreparable damage to environment, and it would be also the largest contributor to potentially destabilizing global climatic change,

VACLAY SMIL is an ecologist interested in interactions of environment, energy, food, populatten and public policy where latest books are "China's Environmental Crisis" and "Global

# Hong Kong Seeks Clues to Its Future

By Kevin Murphy

ONG KONG - Only 37 months remain until Hong Kong reverts to Chinese rule. but mapping how the transition will unfold is obscured by turbulent relations between its current and future land-

Cooperation between Britain and China has never been straightforward. Minor details of Hong Kong colonial administration tend to become embroiled in much larger, if unrelated, disputes between London and

Beijing With an unresolved, year-and-a-half stand-off over electoral reform in the colony poisoning an already uneasy partnership, prospects for a smooth transfer in sovereignly appear dimmed.

But in Hong Kong, which is always at the whip-end of events beyond its control, politicians and analysts are playing down the importance of a political argument lying fallow and perhaps forgotten, and concen-trating instead on events in China and the region for clues to future.

"Sino-British relations have hit rock-bottom, but I have a hard time believing Hong Kong politics will be thore important than developments in China or U.S.-Asian rela-tions," said Bob Broadfoot of Political & Economic Risk Consultancy in Hong Kong. "What happens with China's succession after Deng Xicaping's death, bow rivalries hetween the provinces and Benjing play out

and Hong Kong's price competitiveness are what matter most, said Mr. Broadfoot. After 18 months of bitter controversy over a plan championed by Hong Kong's gover-nor, Chris Patten, to broaden the electoral base for the last elections under British rule. Britain and China have returned to the nego-

tiating table on several other difficult issues. Discussions on Hong Kong's new, \$20 billion airport and the transfer of military lands have outetly reopened, with Hong kong government officials confident that a breakthrough on both is in sight.

It would appear the Chinese decided to

put the political argument to one side and get on with the economic issues where coppcration is required. said a senior Hong Kong government official involved with the negotiations. "After months of doing nothing, they have returned to talk in a more inesslike way in a less politically charged

atmosphere. However, a high-profile visit by Lu Ping. the senior Chinese official on Hong Kong affairs, this month served notice that Beijing hopes to undermine the popular Mr. Parten and a Legislative Council it has threatened to disband after it recovers the city of 6 million in 1997.

Mr. Lu broke with established protocol for the first time by refusing to meet with Mr. Patten. Instead he concentrated his efforts on bolstering the legitimacy of a Bei-jing-appointed body, the Preliminary Working Committee, which is detailing China's policy for the transition.

The committee and a group of carefully vetted Beijing advisers, have become a shadow government and rival power lase to the Hong Kong administration, as leading local businessmen, academics and former Hong Kong civil servants have chosen to pledge their allegiance to China.

Hong Kong has also been shaken by Beijing's decision to imprison a journalist work-ing for a local newspaper for his reporting in China. A 12-year sentence for Xi Yang, a Chinese citizen working for Ming Pao Daily, and the subsequent refusal to grant China visas to reporters who signed a petition calling for his release have cast a long shadow over these feedom in the state of the over press freedom in the colony.

The combination of Chipa's willingness to overturn an established political system it does not support and its stark stance on press freedom has left many Hong Kong residents fearful that Beijing will not honor the Sino-British Joint Dedaration of 1984. the framework for the sovereignty transfer.

"Hong Kong is now the most free society in Asia, but that is charging rapidly," said Martin Lee, head of the liberal United Democrats of Hong Kong political party.
"There is a real sense in the Hong Kong community that we are headed toward 1997

without a sufficient measure of democracy of preserve our rights and freedoms, said Management of the absolutely no way a femiliar controlled Legislative Council will be able to check abuses by the Beijing appointed chief executive and Executive Council or preserve the about the about 1907.

the rule of law after 1997," Despite increasing self-censorship by

Despite increasing self-censorship by an cal media and ordinary citizens alike, trams in the community, especially the business sector, have largely ignored creeping threats to Hong Kong's way of life.

"Life here won't be the same, I think we all acknowledge that. But China needs all acknowledge that But China needs things will change too much," said a winest things will change too much," said a winest chinese woman, who like many camera, has returned from Canada, new passport of thand, to Hong Kong for a well-paid job in the same than the s hand, to Hong Kong for a well-paid job in the booming China trade.

"You can still get rich in Hong Kong and frankly. I don't want to live anywhere est said the commodities trader, whose districts of Beijing is only matched by her cynicism about Mr. Patten's move to introduce more. democracy in the colony after 150 years of

Like many other business people with all "insurance policy" — another passport the trader is more worried about events in China and the future of U.S. China isade.

In the longer term. China's stability and
the rise of Shanghai as a potential river.

commercial and financial center give Hung

Kong pause.
With its transparent legal system, professional civil service, excellent infrastructure and international amenities. Hong Kong remains China's, if not Asia's preeminent business city. But it is clear that Shanghai, a significant source of China's top leaders covets the colony's success.
"What happens between Beijing and the

provinces and the major cities of China vastly exceeds Britain's role in the future of Hong Kong now." said Mr. Broadfoot "How Hong Kong positions itself as part of China will be the key to its future."

KEVIN MURPHY reports from Hong Kong for the International Herald Tribune

By Wang Dan

EIJING - Around this time in 1989, I published an article, "China: Stu-dents Will Fight for Democracy to the End." in the International Herald Tribune. At that time in Beijing, the largest democratic and patriotic movement in China's history burst out

More than 3,000 young students started a hunger strike in Tiananmen Square. Their brave action won the concern and support of the nation and the whole world.

Now five years have passed, a period in which the world has experienced traumatic

change. The old communist regime has col-lapsed and the structure of the world is a new one. If we observe the reason for such astonishing change in such a short time, no one can

ignore the 1989 democratic movement in Cluna. The strategy the Communist Pany used, especially on the 3d and 4th of June, to put down the students' movement, shocked the whele world. That behavior was so barbaric and sough that I don't want to expend more of my energy to express my anger again.

But as a participant in that movement I am now more willing to examine what mistakes we made at the time.

The students' only motive for this radical political expression was their hope of pushing

# The Lessons of Tiananmen Square: A Demonstrator Looks Back

China's poliucal reform so that the country could enter democratic and civilized modern

Because of this pure motive, we received wide support from all classes of people throughout the nation. And that support is the fundamental reason why the students' movement had no way to defend itself when it faced the government crackdown.

As students, we never thought we were creating a political movement, we simply thought what we created was just a students' movement. And the purpose of the students' movement was to express our political needs and hopes, represent people, raise questions and bring out answers and require the government to accept them.

Even the radical students never thought about using political struggle strategies such as getting involved in senior level government power rivalries, stirring up the ordinary people or establishing allies with other political powers that joined the movement later. At that time there was a slogan that expressed this attitude — "Keep Students Movement Pure. We never thought about using any effective

political means to light against the government. If we had looked at our behavior as a political movement, we would have had to be prepared to accept compromise, because political struggle itself is the art of compromising.

But the fact was the students had no desire for power politics. As intellectuals they felt only a responsibility to express political hopes. And that was considered by the government as leading to anti-Communist Party and anti-Socialist chaos. Being not only misunderstood and not accepted, but also suppressed and excluded, led many students to refuse to accept withdrawal - not even a tiny step backwards — as an option. For that reason the two parties reached a

deadlock. If we had decided ourselves to leave the square and use other opposition methods rather than stubbornly insisting upon staving there, very possibly the students would not have paid such a high price.

Even so. June 4 had a very important

influence on China and on the world. There is great historical significance in it, but the most important feature is as very powerful democratic enlightenment in action.

The role of that enlightenment is to express to the people the worth of democracy and freedom as values. That worth had been diluted in peo-ples' hearts as a result of decades of political pressure. But in the '89 democracy movement, the students were reldy to give their lives for their dreams and that spirit truly touched the people's heartstring. That point is so signifi-cant in the process of China becoming a modern society that I cannot stress it enough,

Any country that wants to follow a democratic path cannot miss a single basic premise: The people have pretty strong desire for de-mocracy. It is the intellectual and other progressive powers' focial duty to build on that

If we had decided ourselves/to leave the square, very possibly the students/would not have paid such a high price.

premuse. That was also the very strong mission we felt in 1939. And from this point of view the '89 democratic movement established a very solid foundation for China's realization of

democratic/politics. Now China appears greatly changed, but deep scars from June 4 remain. A very obvious one is that ordinary people are in general cold and detached when faced with political mat-ters. That is an unavoidable result after the

bloody crackdown.

Some people think the main cause of this political/coldness and detachment is the June 1989 democracy movement. They accuse the movement of bringing negative influences to bear on the process of China's modernization.

The/real reason for political detachment is not the '89 democracy movement - it is the June 4 events. Therefore, the government, not the students, is responsible.

The root of people's coldness is disappointment rather than fear. For that reason, that coloness must be temporary. The longer you cap the enthusiasm in people's hearts, the stronger it will be when it eventually breaks out. The 1989 democratic movement has already planted the steds of democracy in people's hearts: When the spring wind blows all over China, it will bring but magnificent flowers.

We are far from making a final judgment on the democracy movement's influence on Carna's development. We must see both the 39% democracy movement and the crackdown on it as historical events already formed as an emp tional knot in the Chinese people's hearts. It not only affects Chinese people's political faith, and behavior now, but also will affect Chinases future political development.

If this emotional knot is not untied. Chinasi political development will not be able to get car the right track. And without political reforms China's economic reform will not have a break through. Most Chinese agree that if Chine. wants to be nich and tough and strong, the only way to do it is to get on the reform road. The poses a very urgent question: How to solve the

Now China avoids the issue as taboo. That doesn't prove it is in the past. On the contrary it is proof that the matter is playing a decisive role in China's political development.

After Deng Xiaoping's death the first issue events, not only at the top levels in the Conmunist Party but also among ordinary people: Unless it does this, China will find it impossible to make a smooth transition to a modern

I don't make such a judgment because I was: a member of the '89 democracy movement, but because democracy is a trend as mankind advances in time. No force can stop this worldwide wave. The 1956 Hungarian events, the 1968 Prague spring and the April 5 movement in China in 1976 all received a fair judgment. from history. Why should the '89 democracy. movement be an exception?

It has been five years since 1989, but I do hope the world — especially the people of China — will not forget June 4 because history tells us "forget misery and that is the beginning"

WANG DAN is a former history student di Beijing University whose idea for a hunger strike helped spark the Tiananmen protests. He speni 31/2 years in prison for counterrevolutionary incitement and propaganda. Now a freelance writ-er, he has finished "Autobiography in Jail," and is preparing to write a second book about the 1989 pro-democracy movement.

undeveloped and underdeveloped bestnesses and authoring them into realising their full growth potential.

throughout the region, Berjava focuses its main energies and resources on its core businesses Consumer Marketing, Gaming, Intrastructure bevolopment. Horels, 🗱 Resorts and Recream n. aud I

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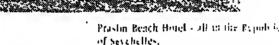
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ston or project management sersices for computerised on-line losteries. Berjuca also awns 41 of Wine Hong Kee Holdings Lid a property investment holding compant quoted on the Hong Kong Stock Feebange

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# Advances for Socialist Market Economy

By Li Langing

EIJING - At present, the situation of China's reform and opening up to the outside world is very good. Last year was one in which China successfully advanced on the road of building up socialism with Chinese characteristics, and won great achievements in reform and opening up to the outside world

and in modernization China's national economy maintained a rapid growth rate. Gross domestic product increased 13.4 percent over the previous year, to more than 3 trillion yulan (\$344 billion). Last year also saw a brisk domestic market and an active domestic and foreign

The development of China's economy further improves the living standards of urban and rural people. In 1993, the per capita income for living expenses in cities and towns was 10.2 percent/over the previous year, and the per capita pure income in the countryside registered an increase of 3.2 percent. Residents' housing conditions have further improved. ,

China's economic reform is deepening and opening to the outside world has made new progress. In accordance with the requirements for establishing a socialist market economy, the reforms in state-owned enterprises continue to intensify with focus on transformation of corporate operating mechanisms. Enterprise autonomy has been gradually implemented and the leading positions of business in the market strengthened. / While further reforming state-owned and

collective economy sectors, individual, private and foreign-funded economy sectors

are seeing sustained progress. Price reform is going further ahead, and market mechanisms have played a leading role in the formation of prices for commodities and labor services. Elementary markets including capital, labor supply, land, technology and information are advancing at a quickened pace.

Institutional reform and transformation of functions at central government level have made essential progress. Government departments are mainly adopting economic means to strengthen economic macro-control, ensuring that the national economy is developing in a sustained, fast and healthy

At the same time, overseas investment in China is maintaining a trend toward growth. The realm of foreign investment widened and the investment structure has been improved. Investment has in-creased considerably. In 1993, China imported foreign investment equivalent to the total of the previous 14 years. The number of newly ratified foreign-funded products reached 83,000, involving actual investment of \$25.76 billion.

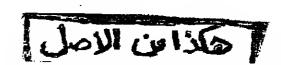
In 1993, the number of Chinese-funded enterprises overseas hit 380, involving Chinese investment of \$120 million. To date. China has funded a total of 4,497 enterprises in foreign countries, with Chinese investment of \$5.16 billion.

For China, 1994 is an important year in which we will speed up the establishment of a socialist market economy and maintain sustained, rapid and healthy development of the national economy. To ensure the realization of this year's targets or economic and social progress. China will pursue the principle of "grasping opportunities, deepening reforms, opening wider to the outside world, promoting development and keep-ing stability" and make efforts to keepmutually coordinated and mutually promoted links between reform, development

At present, the Chinese government is putting great efforts into doing this work well. In the field of reform, we should put the focus on invigorating large- and medium-sized state-owned enterprises by transforming their operating mechanisms and actively setting up a modern enterprise sys-tem through trials. We should strengthen and improve macro-control and meticulously implement various reform measures in taxation, finance, investment and the foreign-exchange system, while ensuring that these are smoothly carried out. At the same time, we will introduce further helpful

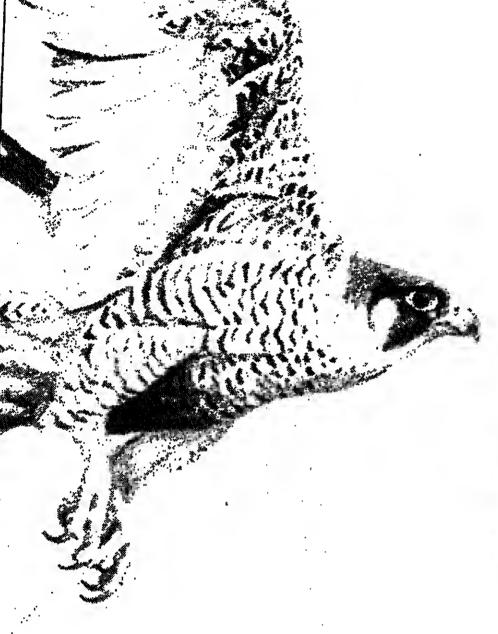
China has entered a new stage for overall. establishment of a socialist market economy. We need all the more to bolster international exchange and cooperation. China will always open its doors to the outside world. While continuing to carry out prefcrential ireatment for foreign investors, China will gradually implement national treatment toward foreign-founded enter-prises, creating a competitive environment on an equal footing for Chinese and foreign

LI LANQING is vice prime minister of the People's Republic of China. This article is adapted from an address he gave earlier this month in Beijing to an international confer-ence co-organized by the International Her-



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# AS CHINA PREPARES FOR ITS CENTURY...

# PEREGRINE'S GLOBAL REACH LINKS INTERNATIONAL CAPITAL WITH CHINA'S GROWTH OPPORTUNITIES

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Force to Be Reckoned With in Business: The Army By Tai Ming Cheung

ELJING - China's soldiers are swapping their uniforms for husiness suits these days in the search for profits. As the government is unable w AlG Millicurrency B afford the costs of feeding or arming the 3 d High Life Fund afford the costs of feeding or arming the 3 d High Life Fund at High Euro-polimize-illion strong People's Liberation Army, mili-

d UBZ Euro-delimiter-infort strong People's Liberation Arthur and UBZ Liquidity Fund ry units are having to find their own ways of a UBZ Liquidity Fund aking money.

ALFREN BERG

The PLA's approach to business is the same a Alfred Berg Story its war-fighting strategy: advance aggresder for Each working well on all fronts and in overwhelming num-

| Maritang | Military units have set up tens of thousands | Meth-fonds | Military units have set up tens of thousands | Meth-fonds | Me ALPHA FUND MAN Ixal mines in the impoverished interior to

Alpho Asia Hedge roperty and securities firms in booming walno Asia Hedge roperty and securities firms in booming walno Europe Fd Abastal regions.

Malono Futures Fd Military-owned enterprises have proliferated alpho Gobol Fd 1 so rapidly in the past few years that even the malone Hedge Fd 1. As General I enterior Description of the malono Hedge Fd 1. ik Fd harged with checking the activities of these SAM For parompanies, has little idea of the size of the PLA Short For resumess empire. One official estimate reck-tillides Folds worthingtoned there were more than 20,000 military-run Alebo Furth. m Abbn worthlosto-Ined there were more than 20,000 multiary-fun m Buch-Alphn Eurth m Gebahvest value - aterprises employing several million workers. W Hetsel Jopon Fun a But there are many thousands of enterprises m Hemisphore Fun a But there are many thousands of enterprises members New 1. m Hemisonere new hat operate without official knowledge so as micropal surely hat operate without official knowledge so as micropal RIM Ope 8 to avoid having to share their profits with the m Ringoes in Temporalitary authorities. Most are small, barely m some in Temporalitary authorities. Most are small, barely m some in Temporalitary authorities that provide jobs for family ARRAL ASSOCIATION. w Arral American Europers of military personnel or demohilized w Arral Initiation Fund with the support of the And in Theose Woldiers, such as shops and nosters. But the all, it Place Ventanilitary authorities want to consolidate some intermeted Funding authorities into large conglomerates to interpt only chake advantages of economies of scale. The higgest military-run business concern is the Poly Group, which is affiliated with the PLA's General Staff Department that oversees themilitary's operational readiness. Poly was set up in 1982 as a subsidiary of China International Trust & Investment Corp., one of the country's best-known financial institutions. It was the PLA's main arms dealer and exported billions of dollars worth of weapons during the 1980s. A slamp in arms exports since the end of the 1980s has seen Poly turn its attention increasingly to nonmilitary related business activities, in particular oropeny development and barter trade with Russia. Income from civilian business accounted for more than 80 percent of

Poly's total turnever of \$1 billion in 1992. Poly's goal now is to follow in the footsteps of CITIC and become a respectable financial and trading powerhouse. Poly separated from CITIC two years ago and is now an indepen-dent corporation with its own, brand-new \$70 million headquarters complex. It has set up its own Poly International Trust & Investment

Other military units boast their own conglomerates. China Xinxing Corp. belongs to the PLA General Logistics Department and ranks second in size to Poly with around 70 enterprises that produce uniforms for the army. The PLA General Political Department. which uphoids the military's ideological purity. operates Carne Corp., which runs karaoke ciuhs in Beijing and has property investments

The air force operates a commercial airline using old Russian airliners and flying out of

shipping fleet.

The military-run enterprises are lucrative. Some estimates put the profits earned at around 30 billion yuan (33.5 billion) in 1992 on turnover of more than 10% billion yuan. But military officials say that only around 5 to 10 billion yuan ends up in central coffers.

This extra income helps to supplement the madequate funds provided by the government. Even though the defeate budget has grown staboily in recent years, including a 21 percent increase this year to 52 billion year, the increases have been more than swallowed up hy the high rates of inflation in the same period. By official estimates, the military's purchasing power has been cut by up to 25 percent in the

Much of the profit that does not reach Beiling goes into the pockets of military officials and is spent on luxur, consumer goods. While military chiefs complain that they do not have the funds to modernize the PLA's outdated arsenal, the country's reads are teeming with expensive imported Mercades-Benz or Lexus sedans sporting military license plates. Military enterprises get special privileges

that are the envy of their civilian counterparts. These include generous (a); breaks and access to state-subsidized raw materials. The PiLA's enformous political clout means

that the civilian authorities do not dare to interfere with the mulitary's business activities Military companies have been free to bend or break the rules with little fear of being punished. Executives of military-owned companies say that they can easily smuggle in foreign

military airfields and the may has its own goods under the noses of the customs anthorishipping fleet.

goods under the noses of the customs anthorities. In the mid-1980s, paval units in Hainan Island, a tax-free special economic zone off the Guangdong coast in Southern China, helped to smuggle in tens of thousands of Japanese luxury sedans and electronic equipment to the

Some civilian corapanies have been the target of hestile takeover hids by military-backed companies. According to Western diplomats who have followed some of these takeover battles, the military companies would sometimes turn oil the water and utilities supplies to these companies if they resisted.

Abuses by military units for commercial gain became such a major beadache that the nilitary authorities have a series of regulations detailing which business activities are out of bounds for military units. Army units are not permitted to use military vehicles or resources for "speculation, profiteering and smuggling"; they are not permitted to "lend, hire out, and sell military vehicle licenses, bank accounts and blank invoices": they cannot "participate in panic buying of goods at higher prices. illegally buying up goods, profiteering and raising prices in any form"; and serving soldiers cannot be employed to work for companies or engage in trade.

The selling of military vehicle iicenses and other military identification materials has become so endemic that authorities occasionally have to replace the number plates of all military vehicles. Military registered vehicles are exempted from paying toll charges and are off-

China's military has set up an estimated 20,000 private enterprises.

Military chiefs have also repeatelly stressed that there should be a clear separation between the activities of military units and the enter-prises they set up. Officials acknowledge that the rule against employing active soldiers, for instance, is widely ignored.

PLA chiefs are also deeply concerned at the rising levels of corruption and ther negative consequences that have come from the military's commercial activities.

Despite occasional fierce wanings by mili-iary officials over the perils ofcapitalism, the

PLA's growing dependence on the entire made from business transactions presented in moves to seriously restrict the attention

moves to selection in the property and though army chee's had mittelly hoped at the early 1980s that the PLA's entry into the business world would only be forest short than it appears now that military units are a period. nent fixture in the economy,

TAI MING CHEUNG is a China analyst to

# Japanese Firms Discover China as an Investment Site

By Steven Brull

ALIAN, China - In a single room of Mabuchi Motor's sprawling fac-tor, here, mere than 1,000 young women wearing light blue smecks and neckerchiefs are hunched over Japanese machines, churning out fingertip-sized mini-motors at the rate of 200 million per year.

Diligent despite wages that are direcheap by international standards, the workers are an unbestable resource that has driven the Japanese company, which controls more than half the world market for minimotors used in cars and consumer electronics, to shift three-quarters of its production to China, thus escaping the strong yea.

But the swelling ranks of factory workers here are also part of the emerging consumer class in China and elsewhere in Asia, a demographic upheavai that Mabuchi thinks wili help it to triple sales to 200 billion yen (\$1.9 billion) by 2000.

"When we came to Dallan seven years ago. televisions were still a rarray in the countryside," said Shoji Nishimura, general manager of Mabuchi Motor Dalian Ltd., the biggest Japanese company in Dalian, "Now they are widespread and videotage recorders are about to follow the same pattern.

After years of fence-sitting related to China's uncertain political and economic outlook. a groundswell of Japanese companies is following Mabuchi's strategy, Japanese direct invest-ment in China, which doubled to about 52 billion in 1993 from the year before, is likely to rise 50 percent more, to \$3 billion in 1994, said C. H. Kwan, senior economist and bead of Asian research at Nomura Research Institute

Attracted initially by cheep labor, Japanese investment in China is aimed more and more at satisfying consumer demand in China, from beer to consumer electronics, lacreasingly, it is shifting from northeast China - where Japan laid the foundation of Chinese heavy industry during its colonization of Manchuna between 1931 and 1945 - to Shenzhen and Shanghai in the south, where there is greater population and consumption.

To be sure. Japanese executives are aware that Chinese inflation, rising labor disputes. growing budget deficits and other macrosconomic problems pose severe risks to the country's development. But many are simply too busy trying to meet surging demand for their products to be overly concerned. "We're running at full capacity trying to

meet the demand of this market," said Taken Minami, vice president of Dalian Sanyo Refrigeration Co., adding that the company planned double oroduction of industrial-use pir conditioners in each of the next two years. We can only be confident about the long-term cutlook: The direction of reform will not change.

The surge of Japanese investment in China will be crucial to Tokyo's goal of restructuring its economy, which remains too dependent or manufactured exports given the yea's orutal strength and acrid trade relations with the United States and Europe, Japanese capital and technology - and eventually, one presumes, even its more open markets - also will be indispensable to transforming China's economy from central planning to one governed hy market forces.

The fate of Sino-Japanese relations, more over, will largely determine the course of economic development throughout Asia. If the region's two largest powers can avoid direct economic conflict, the stable strategic environment that has fostered intraregional trade and growth can be maintained. But if the countries

revert to their historic archrivalry, that dynam-ic would be damaged as countries are forced to choose sides and engage in a costly arms build-

In Dahan, a port ciry in northeas: China that Japan controlled for four decades until the end of World War li, the determination of the Japanese government to promote investment is evident in the Dalian Industrial Park Development & Administration Co., a joint venture begun two years ago with 15 billion yen (\$143 million) in backing from Japan's Overseas Economic Cooperation Fund.

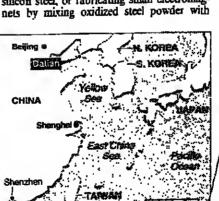
The venture, which aims to attract smaller Japanese companies that can act as suppliers to the many larger concerns aiready here, is developing and selling plots within the industrial park, offering cut-rate loans, and extend-ing assurances about the provision of water, electricity and other necessines: it is also giving advice on dealing with China's opaque labor laws and government officials. "With the goverament involved. Japanese companies feel more assured, said Yosuke Aruga, general manager of the Dalian office of Marubeni Corp., one of Japan's leading trading compa-

A stream of small-sized Japanese suppliers are setting up shop, joining more than 700 other foreign companies that have already invested more than \$2 billion in the industrial zone about an hour's drive out of town. The park, much of it cratered with new construction sites and framed by the skeletons of halffinished hotels and factories, is home to more than 200 Japanese companies, part of an over-all group of more than 700 in the city. Soon to join the list will be the biggest consumer electrenies factory in China, a joint venture producing basic parts for VTRs in which Matsushita Electric Industrial Co., has invested 9

Li Yuefu, a director of the OECF-funded project, said the number of Japanese comparies investing with the venture would likely rise from 14 to 40 by the end of this year, and to 70 by the end of 1995. Newcomers include Fuji Electric Co., Toto Ltd., Japan's leading toilet maker, and Takara Sauze KK. 2 Kyoto-based sake distiller branching out into pharmacentical research.

These companies are slowly enhancing a local production chain that will facilitate an expansion of Japan's presence in the market. Now, many manufacturers still rely heavily on imported parts and materials, using factories in Dalian primarily for export-reprocessing.

Mahuchi Motors, for example, imports 98.5 percent of its parts and materials, 20 percent of which are fully finished components such as specialized wires and metals. Local supplies of sufficient quality are simply not available. The result is that much of Mabuchi's staff of 6,900 is engaged in labor-intensive tasks such as stamping tiny metal parts from huge coils of silicon steel, or fabricating small electromagnets by mixing oxidized steel powder with



barium and baking it at 100 degrees centi-

The expansion of supposing industries will help Mabuchi boost production by 10 to 20 percent this summer, and by a similar amount next year. It also plans to herease the ratio of production going to the Chinese market from 10 to 30 percent. Sanyo Renigeration plans to boost local content from 55 percent to 80 percent next year.

Long-term, the OECE funded venture will serve as a test project for more massive Japa-

nese investment in northeast Chius, where the economy is saddled by the dominance of state owned heavy industries, most of which are inefficient and loss-ridden. The first heavy industries that Japan will shift to China will be those burdened with overcapacity, such as per rochemicals, paper and only and steel." such Mr. Aruga.

STEVEN BRULL is the International Herotic

# Stock Fever' Unleashes A Flood of New Issues

Continued from Page 7

vital importance to dily market trade. In fact, only examining the past three years from a broad perspective yillds the logic behind some of Beijing's decision.
"Our eventual goal is to open our domestic

market to international investment, to free flows of capital into our companies," said Mr. Liu. "And we have tens of thousands of companies in China tolist eventually. Of course, it can't all happen until our currency is fully convertible.

"But when the happens B shares won't be necessary and w will have learned valuable lessons from allowing some companies to list on overseas exchanges where standards are high. By then, nany of the problems we have now at the pilo stage in our development will not be so impotant." The first nine companies listed so-called H

shares in HongKong in 1993. But international appetites for individual stocks have wanted as investors tuln more cautious and the novelty value of Chinise companies wears off. With the final issues of the first nine suffer-

ing from a dose of reality - Tianjin Bohai Chemical Idustry (Group) Co.'s shares dropped more than 8 percent on its opening day - a second barch of 22 companies is likely to come to parket more gradually than would bave been apticipated a year ago.

Nonetheess, the 22 shares, some destined for a New York Stock Exchange listing, have sparked a var among international investment bankers gunning for the underwriting business, which has been calmed somewhat by the bearish markets and a signal from CSRC that it would limit the mandates won by single underwriters to one or maybe two new listings.

"We don't want our market monopolized by a few foreign securities firms," said Mr. Liu. Many firms should enter the field so we can judge their performances for the future."

In the meantime though, investors with far sborter horizons, often limited to a daily perspective among the ranks of China's 8 million individual stock investors, are being asked for patience while Mr. Liu and his regulators mble to stay ahead of new developments.

Squeezed by rising interest rates and an aggressive government bond sales program to fund China's fiscal deficit, A shares have been ummeting, while B shares in Shanghai have allen by as much as 40 percent since the start

Investor pessimism has reached a point where securities regulators chose to announce a moratorium on the listing of new companies in the A share market, to counter a steady downward spiral in the prices of existing And in a gesture to foreign investors dis-

As Mr. Liu works out the proper balance in the supply of new shares and their effects on what he calls "mindless" speculation, other. significant trends are emerging.

Cash-strapped state bodies, which were sp

gruntled with the pace of development in the B, share markets, CSRC has spoken bravely of

the size of the market overall.

Although such a move with allow Chinese

companies increased access to foreign capital;

foreign investors say it is likely to add breadth

lapse in this market twice in two years," said

Mr. Legallet of Jupiter Tyndall (Asia) Lid

But an emerging market suggests an moon-plete regulatory framework, illiquidity at times and mismanagement of new issues," he added:

"All these things will eventually be solved, but

"We've gone from euphoria to complete col-

but not depth to the market.

it won't always be smooth."

expanding the number of B share listings and

portioned shares in Chinese joint stock companies in the early days, are widely reported to be selling their stakes in thriving gray-market transactions to the highest bidder—regardless of whether their holdings are strategic stakes that afford ultimate state control and flat bans against the practice.

Other government shareholders with major ity stakes in companies have been threaten with loss of control through corporate right

issues to which they cannot afford to subscribe While regulators decide whether to allow private investors to accelerate a creciping de facto privatization of state-enterprises now quietly under way — an ideologically loaded issue — the CSRC must also work to develop China's domestic bond market in a way that doesn't rock its stock market.

Kevin Murphy

# Beijing Looks to Australia for Resources and Expertise

By Michael Richardson

ELBOURNE - A growing number of companies controlled by the central and provincial governments of China are turning to Australia to gain access to natural resources, capital, technology and expertise needed to sustain rapid development of the Chinese economy.

Most of China's mines and resource-based industries are in the north while the fastest growing regions are far to the south. With Chinese rail, road, port and pipeline

systems strained to the limit, many companies controlled from the country's fastest growing provinces and cities on the east coast have had to look abroad for new sources of imports to keep up with explosive demand. 'China's economic growth is so rapid, and

its industrial base so underdeveloped, that buying steel mills, aluminum smelters, and pulp and paper factories in the West makes more sense than waiting for these industries to develop within China," said Matthew Fletcher. finance editor of Asian Business magazine.

Australia has a comparative advantage because it is "a very good base for exporting primary resources, including minerals and meat, to China and other fast-growing economies of Asia," said Zhang Jijing, managing director of CITIC Australia Pty.

The company, which is considering listing in Australia in 1995, is a unit of the Beijing government's capitalist-style investment vehicle, China International Trust & Investment Corp.

dong provincial government in southern China. became the first Chinese-backed company to make a share flotation in Australia in September when it successfully offered 28 percent of its stock.

in a huilding products company in Hong Koog, Money raised from the Australian issue is helping fund the company's expansion in the

small — 9.6 million shares worth 7.5 million Australian dollars (\$5.5 million) — it was an important test of how Chinese companies would be received by the Australian market. said Richard Li, managing director of Sino Investment Services Pty., the underwriter.

Mr. Li said that Sino Investment was working on another three listings of companies that would have strong China connections and

hoped to bring them into the Australian mar-ket hy June. He said that companies were involved in software development, construction and manufacturing.
China is hungry for technology and exper-

use as well as raw materials for its industry. "Australia has a lot of good, impovative technology but lacks a large domestic market."

Mr. Li said. "Asia has a vast market and needs the Australian technology to get to the next stage of economic development."

Tommy C.B. Lui, managing director of the

Hong Kong office of a business group set up by Ernst & Young, international accumtants and consultants, to develop completed links between China and Australia, stimated that investment from Hong Kong it Australian property and resource, manufacturing and technology companies amounted to over 9 bil-

He said that most of the investment had been made in the past two or three years, largely by companies/controlled by mainland Chinese government interests.

About 100 companies funded from official Chinese sources have reportedly been registered in Australia. Most are small and unlisted. But a substantial/number, such as the recently formed Golden River (Australia) Pty\_ have hig

Li Qian Bin, chief executive of Golden River and head of a liaison office established in Perth by the government of China's Zhejiang province to develop joint ventures with Western Australia, said that there was great scope for mutually profitable investment and commercial collaboration between China and Australia.

Zhejiang, a province with a population of 43 million south of Shanghai, is one of China's fastest-growing coastal regions. It is resourcepoor while Australia is sparsely populated and resource-rich. "So they are very much complementary to each other," said Mr. Li, whose name is now

Australianized on husiness cards as Bob Lee. "I see the development of joint-venture companies providing resources to be processed by our cheap labor into products which will be sold on the world market."

Among the projects being promoted by Golden River, named after the longest river in Zhejiang, is supply of iron ore from Western Australian mines to a proposed U.S.-Chinese iron processing plant in the port of Ningbo.

There is strong demand for iron ore in China from steelmakers who are expanding output for the booming construction, transport and infrastructure sectors.

A joint venture formed in October between

Portman Mining Ltd. of Australia and China's state-owned Anshan Iron & Steel group will start exporting iron ore from Western Austra-lia to Anshan plants in China in June. Portman estimates that the joint venture.

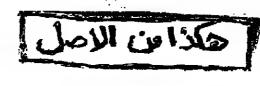
which is 40 percent owned by Anshan, will spend at least 25 million dollars developing the

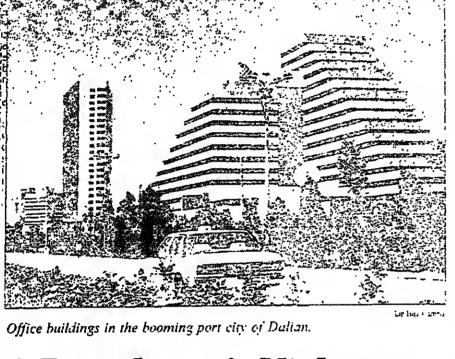
mine at Koolyanobbing, about 400 kilometers (250 miles) east of Perth, and establish a refinery on Cockatoo Island, off the coast of West ern Australia The state-owned China Metalingical Import & Export Corp. had earlier taken a 40 percent stake in the Channar from ore mine it

Western Australia. The mine is 60 percent owned by CRA Ltd., a leading Australian resource company. CITIC was the first of the so-called Red Chip Chinese companies to take a strategic stake in Australia when it bought a 10 percent

holding in 1986 in the Portland almointed smelter in the state of Victoria. Since then, CITIC has expanded into com-

modity trading, consultancy and financial services, including a joint venture with the Hambros Australia merchant banking and stockbroking group to deal in Chinese shares and invest in mainland-controlled companies in China and Hong Kong.





# A Distributor's Nightmare

Biggest Obstacles in Marketing Are Physical Ones

By Jon Liden

ORGET that China is the market of 1.2 billion toothhrushes. Instead. consider this: China's land area is roughly the size of the United States, but it has less than one-sixth of the U.S. road network, more than half of it dirt roads that are impassable in winter or rainy seasons. Freight trains tend to set off only of carton packing in days and the Styrofoam protection that can guarantee a color television will arrive at an inland Chinese retailer

in one piece is yet to be made. Producers and distributors of consumer products agree that the physical distribution of goods now poses the main obstacle for

increased sales in China. "In theory, we can hope to reach perhaps 20 percent of the population, although the potential differs greatly from product to product." says Peter Christensen, product manager in Hong Kong at East Asiatic Co., a trading company with over 100 years' experience in China. East Asiatic has established five branch offices and more than 40 sales offices in all of China's provinces to market brands such as Paul Masson wines, Campbell

soups, Mars chocolate and Lego toys. Despite drastic increases in sales for many of its products, the investments needed to hulld a distribution network in China are daunting. The company admits that the day when EAC's China operation will make a profit is a few years away.

With such distribution costs, many companies soon find a balance between a potential and a realistic market. China's decentralized structure and parochial attitudes mean that each time a product is to be introduced to a new province, new connections bave to be made, official and unofficial authorities have to be won over, distribution links have to be sel up and a new marketing campaign has to be kicked off in the local media.

OW much a company can spend on distribution also depends on what duty it has to pay on its products. To protect its own consumer industry and encourage import-substi-tuting production by foreign investors, China has clamped import tariffs of between 40 percent and 150 percent on most consumer

"If you were to pay the official taxes and duties on imported goods, you would not be able to operate in China," says a representative for a foreign trading house, "Much of the advantage over the competitors come from how good a deal one is able to make on duties and tax. There is a large gray area between what is legal and what is flatly criminal, and everyone who imports consumer goods to China operates within this area.

Yet, for hulky or heavy foodstuffs, distribution problems rather than import tariffs encourage local production. "The transport infrastructure in China is getting increasingly overloaded," says Alan Varborg, who is re-sponsible for EAC's operations in Northern China. "Many food products have short shelf life. It is not possible to import them and then transport them thousands of kilometers to the retailers."

In a country where most of the provinces

were inaccessible until recently, priorities are

often difficult to make. "The important thing

if you want to expand in China is finding

where the money is," argues Robert Fletcher.

senior manager for business development in

China at Philips NV, the Dutch electronics

ing areas in Heilongriang province. Lots of people have money there, but how do you get the products out to them?" With 108 million people, Sichuan is the most populous province in China, but since the capital, Chengdu, is almost 2,000 kilometers 240 miles) of poor roads away from the nearest port, the province has only recently been targeted by consumer-products compu-

Despite its vastness. China is a surprisingly bomogenous country in terms of product preferences, foreign consumer goods companies. distributors and analysts agree. Apart from the ohvious differences — such as that rice cookers sell better in the south where rice is a siaple than in the north, which eats more noodles the uniformity of communist rule seems to have shaped a similarity in post-communist

There are pockets of wealth in poor ar-

eas," agrees Mr. Varborg, who spends much of his time combing the northern district

towns for transport companies, retailers and

other contacts. "There are a few oil-produc-

While distribution determines the success for food products and consumer durables, marketing plays the dominant role for the

For most fashion companies, the market still lies only in the country's four main cities: Beijing, Shanghai, Tianjin and Guangzhou. Even within these cities, there are differences. "For fashion garments, which are so dependent on brand recognition, some companies only look at Guangdong," says Alan Wong, an analyst with W.I. Carr in Hong Kong. "In the south, people watch Hong Kong television and are more familiar with

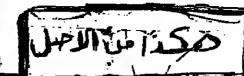
international trends." Elsewhere in China, husiness sense often wins over vanity. "Most people know that many of the expensive clothes with foreign brand names actually have been made China," argues Mr. Wong. "As long as both are made in China, many consumers prefer local hrands that are much cheaper."

JON LIDEN is a journalist in Hong Kong.

Guangdong Corp., a Hong Kong-based in-vestment company controlled by the Guang-

Guangdong Corp. has a 90 percent holding

Although the float of Guangdong Corp. was



INTERNATIONAL HERALD TRIBUNE, MONDAY, MAY 30, 1994

TRADE HELPS PEOPLE THE WORLD OVER DISCOVER HOW DIFFERENT WE ALL ARE. AND HOW VERY MUCH ALIKE.

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Sincolletigotion of the fix good of the state of the stat

By Steven Brull

HANGCHUN, China - When Lu Linkui joined the China First Automobile Works in 1970, the cost of a baircut at the company barbershop d UBZ Liquid was 10 fen, or slightly more than one U.S. cent d UBZ Liquid was today's exchange rates. But since last year. ALFRER BEILD BEILD ALFRER Alfred Berg 5 China's higgest vehicle manufacturer. must Gendar-pay the market rate of more than 2 yuan, or

d Japan about 25 cents.

Nertherland Harris American The increase, Mr. Lu boasts, is an example of the control of how FAW is gradually transforming itself ALPHA FUN from a state-run company obligated to provide the full from a state-run company obligated to provide the full from a state-run company obligated to provide the full from the w Alpho Ask ing cradle-to-grave social welfare benefits to an malpho Fun efficient automaker capable of competing in malpho Gib global markets. In addition to haircuts, FAW malpho Jos has also begun paying market rates for some of malpho Jos Adona Loil the parts it buys as well as for street-cleaning services within its giant complex, a virtual city Alpha Sho within this city, which is the capital of Jilin

MAlsha Till province in northeast China.

Malsha Wal Province in northeast China. Attendants run enterprises in China are making in getting withhalf out of the husiness of providing welfare benem Risson | fits. The need to maintain these services is the m some int chief reason why state-run enterprises, which are all as comprise nearly half of the country's industrial output, remain inefficient and loss-ridden. FAW, for example, which was built with Soviet assistance 41 years ago, continues to

subsidize hospitals, nearly two dozen schools, countless stores, a library, recreational facilities and thousands of apartments. Of its 100,000 workers, only 60 percent are involved in activities related, even indirectly, to making cars or car parts. FAW produced 175,000 vehicles last year, less than two per employee, compared with more than 25 per employee at Toyota Motor Corp., which made 3.56 million

vehicles in Japan. The extent to which state-run enterprises are a drag on the national economy is illustrated by government figures that show output hy state companies grew just 2.2 percent in the first quarter of 1994 compared with the same period a year earlier. This compares to 32.1 percent for the collective sector and 79.1 percent for other sectors. The figures also show that 49.6 percent of state-run enterprises were losing money during the period, compared with 34.2 percent the year before. Losses totaled 15.7 billion yuan t\$1.8 billions, up 79.7 percent from a year ago.

Beijing has issued a plan to make the staterun sector more efficient by shedding socialwelfare facilities and reforming labor practices. Earlier this month, Wang Zhongyu, the minister of the State Economic and Reform Commission, said that the assets and stocks of some 10,000 state companies would be appraised, a move that some analysts saw as a step toward speeding corporatization, a step on the road from state ownership to privatization. Over the long term, the goal is to make all state companies lean enough to operate as private concerns, competing in international markets.

Success will hold a key to transforming China's economy from central planning to one governed by market forces. Yet fear that making the sector more efficient will swell the masses of unemployed and spark social unrest has led Beijing to go slowly in its drive to reform the sector, analysis say. The central government continues to dole out huge subsidies to keep the companies, and their workers, running. And published reports last week indicated that the government would ease its restrictions on lending to cash-starved factories in a bid to deflect labor unresi.

"Employees would lose a sense of security if we cut more social-welfare facilities." Mr. Lu said. "Progress will be step-by-step. It's very difficult to change."

Although the go-slow strategy may help pre-

funds needed to upgrade their technology. It also delays the day when China can drop its protectionist policies. Worst of all, it fuels inflation, which is expected to hit 17 percent this year, far above the government's 10 per-

cent target. "We will pursue reform in line with the central government's policies, vet we must maintain political stability," said Changehun's mayor. Mi Feng Jun.

Problems related to state-run enterprises are especially acute in northeast China, a region that was home to about 19 percent of the country's 66.214 total at the end of 1992. Ten years ago, the 100 million residents of Liaoning. Jilin and Heilongjiang provinces enjoyed a per capita gross national product among the highest in China.

The foundation of its coal, steel, automobile and chemical industrialization were laid by the Japanese, who built railroads and highways to systematically exploit the resources of Manchuria, a region it controlled between 1931 and 1945. But most of the current factories date to the 1950s, when Stalinist Russia provided capital and technology to help its communist neighbor to the south.

As a result, the region's economy is growing at 7 to 10 percent annually, less than half that of southern coastal areas, such as Guangdone. Fujian and Shanghai, an international ecolomist in Beijing says. The south has drawn he bulk of loreign investment, most of it from he community of overseas Chinese nearby in Hong Kong and Taiwan.

"Most of these plants are filled with hisquated equipment and managers haven't laid much attention to renovation in 10, 20 4 30 years." said Ding Shicheng, vice general scre-tary of the Jilin provincial government. Their management is based on Soviet models that are unsuitable for the market economy."

NE IDEA to accelerate the fgion's transformation is to prompte regional coordination and den up access via the Tumen Rive to the Sea of Japan, which lies just 15 kilometers (9 miles) to the east of China's border win North Korea and Russia. Now, the only fort is at Dalian at the extreme southern to of the Liaoning peninsula, too far away to enefit the provinces of Jilin. Heilongjiang and Inner

Mongolia. The main idea, pushed by the mited Nations Development Program, is a 30-billion. 20-year plan to develop a big economic zone near the mouth of the Tumen Liver, which flows between the borders of North Korea and Russia before emptying into the ea of Japan.

The zone would include free ports in Chira North Korea and Russia.

China is also trying to extend rathous to a port in Russia. A rathoud reading up to the Russian border is already completed, and Max Ding said him province is organizing overseas financing to extend the railroad on the Russian financing to extend the railroad on the Russians side. "We hope to complete the railroad by the end of this year or next spring," he said adding that it had been postponed because of a lack of funds in Russia.

"If northeast China can get easy access to the Sea of Japan, it gets access to infernational markets and can develop quickly." Mr. Ding

Yet the project faces a set of positical profelems so formidable that many observers doubt it will ever be realized. North Kerek, one of the world's most closed countries, is something? a wild card. Japan's relations with countries in the region are made difficult by its colonization of Korea and China earlier this century. Tokyo also remains destricted in its territors dispute with Russia over four islands north of Hokkardo.

When I proposed the project in 1991 I was told it was just a dream," Mr. Ding said. "Hose since South Africans and the Israelis and the Palestinians are solving their problems, I star confident we can too."

# A Bid to Change Banks from Supporters of State Firms to Going Concerns

By Kevin Murphy

EIJING - No target for China's economic reformers is more important than its banking system, nor any more sweeping.

While the transformation of the People's Bank of China into a Federal Reserve or Bundesbank-style central bank controlling monetary policy will be complex, it remains a matter of reorganization and staff training.

But turning the country's main banks into equally vital to modernization - is a far more difficult task given their lifeline role for the country's giant loss-making state enterprises. say People's Bank officials and China analysts.
"Our greatest challenge will be turning the

four specialized banks into commercial banks," said Chen Yuan, deputy governor of the People's Bank of China, in an interview. "There are considerable difficulties among the industries and it will take a long time to separate the hanks from them.

"China is very definitely heading in the right direction," said Nick Moakes, a China analyst with S.G. Warburg Securities in Hong Kong. "But until China is prepared to allow bankruptcies and accept social unrest, or it sets up a social security system, banking reform will indeed go slowly

Prior to 1978, the People's Bank handled most banking activities, aided by a relatively small number of rural credit cooperatives. The hanking sector has since grown to include four specialized state banks and nine national and regional commercial banks challenged by thousands of credit cooperatives.

their returns.

But China's economic takeoff has largely left and supporting the projects of local allies banking system in another era, one where proved more alluring than continuing to nurse its banking system in another era, one where credit was doled out in an administrative, quantitative manner according to central plan-

Combined with a situation where political considerations and personal connections, or guanxi, count far more than an ability to repay loans, the system has proven incapable of monetary fine-runing any more delicate than sledgehammer blows against credit supply.

"They can't use the tools they used in a command economy, but they can't yet use the tools more advanced countries try to use." said

Economic reform has also left much of China's industrial backbone ailing as companies saddled with ancient plants, poor management and massive work forces whose welfare they must subsidize lose ground to numbler concerns and higher tech joint ventures with for-

eign partners.

More than hall of China's state-owned companies - the sector that provides the bulk of nonfarm employment in the country - lost money last year and many have little hope of being turned around quickly, if at all,

Given that maintaining social stability is Beijing's ultimate goal and urban unemployment makes the leadership nervous, with good reason, banks who lend to loss-making state enterprises have been lorced to support their clients well past the point of commercial san-

At the same time, loosely regulated branches of China's main banks have been blamed for pouring funds into speculative investments in stock trading and property development. Until recently, trading on inside information

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ers for their grain.

However, strict new rules directed at unauthorized and speculative ending, which came last July with Deputy Prime Minister Zhu Rongji's appointment to head the People's Bank crimped such activities. Mr. Zhu's arrival and stern messages to provincial bank heads who owed their jobs to local political bosses paved the way for an ambitious banking reform project unlike any conducted in peacetime conditions anywhere in the world

loss-making state entercrises, backing low-yielding public works projects or paying farm-

Three new, long-term "policy lending" banks will be created to handle state-mandated lending currently supported by the banks, various ministries and the State Planning Commis-

HE State Development Bank, Import-Export Bank and the Agricultural Development Bank will make low-cost funds available to government projects and "hardship industries." but will not he restricted from lending to more dynamic, higher yielding "priority" areas.

Such a move will allow the four main national banks, the Industrial & Commercial Bank of China, the Bank of China, People's Construction Bank of China and the Agricultural Bank of China, to become truly commercial institutions lending on the basis of creditworthiness and bound by newly introduced capital adequacy and liquidity ratios.

However, their new outlook depends heavily on the progress they, along with other relevant government ministries, make in devising a solution for the beleaguered public industrial

"The policy is to hive off all the awkward loans to new institutions endowed with central government funds," said Andrew Freris, chief regional economist with Solomon Brothers in

Hong Kong.
"That is about as far as they can go if fiscal and tax reform is slower," said Mr. Freris, "To push ahead too quickly risks hitting the brick wall of the enterprises indebtedness.

They will need a lot of common effort and close work with the Ministry of Fmance to solve their problems," agreed Mr. Chen of the People's Bank, who expects new policies in this area later this year.

Also vital to monetary management, Beijing has moved to recentralize credit creation and monetary supervision in the hands of the People's Bank of China, which will no longer be conducting its own commercial lending opera-

Commercial lending "was olly a minor part of acovities in the past." saidMr. Chen. "Before last year the local People Bank branches were responsible for up to I percent of total credit, directed mostly at adjisting liquidity in their areas. But those responsibilities will return to Beijing."

To prepare for its charged role, People's Bank staff are enrolled in a extensive training program and senior executives are traveling abroad to observe the workings of other centra

"In terms of vast territoy and large popula-tion, the U.S. Federal leserve is a leading model for our work," sai Mr. Chen. "But we are also drawing experience from the Bank of Japan, Bundesbank and the Swiss National

As the People's Bank hereases its monetary supervisory role, it is working toward full convertibility of the yuan. on Jan. 1, China abol-ished a dual exchange rate that favored local

sellers of yuan over foreign buyers and created distortions throughout the economy.

Narrowing the official foreign exchange. Narrowing the official foreign exchange markets participation to authorized financial institutions linked through six main trading centers has taken much of the volatility out of the currency and enabled the People's Bank to create a managed float that will allow "contitional" then full convertibility "as soon as possible," Mr. Chen said.

In China's previous boom-bust cycle in 1988-89. Beijing cured a 30 percent inflation rate and deteriorating trade balance with a simple strategy: no credit, no imports, no

However, in this cycle, where the economic has grown greatly in sophistication and memories of civil unrest sparked by such harsh measures are fresh. China's leaders are seeking a gentler slowdown. More comprehensive control over the banking system will greatly aid.

# Stirring Up Asian Economic Rivalry

By Michael Richardson

UALA LUMPUR - After initial concerns that China would emerge as a fierce rival for investment capital and export markets. Southeast Asian countries are viewing the regional giant more as an economic opportunity than a threat.

Mabathir Mohamad, the Malaysian prime minister, told a recent conference in Beijing on the future of the Chinese economy that "a prosperous China will become the engine of growth firstly for East Asia, including Southeast Asia, and then the

If 1.2 hillion Chinese were "balf as rich as the Americans, the size of the market will be almost unimaginable" and provide Southeast Asian nations a "huge" new opportunity for selling their plantation products, oil, natural gas and manufactured goods, he said at the conference, which was co-sponsored by the International Herald Tribune.

China's surging demand for imports is already of major benefit to Southeast Asia. China had a merchandise trade deficit of more than \$12 billion in 1993 as rapidly increasing industrial and consumer demand sucked in imports.

China's trade with the world's industrial-

ized economies grew by more than 60 per-cent between 1986 and 1992, from \$42 billion to \$69 billion. However, in the same period, its trade with the rest of Asia nearly quadrupled, from \$21 billion to \$81 billion. Nonetheless, China's rapid rise as a a low-

cost exporter and its enormous appetite for investment continue to pose a competiuve challenge to growth prospects for Southeast Asia, officials and analysts say.

While reported investment in China from

Asian countries — including Japan and the newly industrialized East Asian economies, Hong Kong, South Korea, Taiwan and Sin-

gapore - rose by ever 500 percent in 1993 to reach \$52 billio, capital inflow from the same sources to Ildonesia dropped 12 per-cent to \$3.5 billio, to Malaysia by 19 per-cent to \$577 million and to Thailand by 52 percent to \$148 dillion.

The effect of China's booming economy on investment lows was also evident in funds from the United States and Europe. In 1993, U.S. Investment in China rose by

nearly 470 percent, to \$3.1 billion. In the same period, US, investment in Indonesia dropped by 58 percent to \$385 million. In Malaysia, it dropped 5 percent to \$213 mil-lion and in Thiland it was down 86 percent to \$16 million At the sametime, European investment in

China increased by 35 percent to just over \$1 billion, whildfalling by 34 percent in Indonesia to \$750 million, by 93 percent in Malaysia to \$71 million and by 68 percent in Thailand 10/535 million. This trend coincides with a significant

shift in foreign investor strategy in East Asia which favors countries with the biggest potential markets, such as China and India. "Investors now seem more keen to access the domestic markets in Asia rather than

merely schking a production base for ex-ports," said Sanjoy Chowdhury, chief econ-omist fouthe Asia-Pacific region in the Sin-

gapore office of Merrill Lynch & Co.
As result, Southeast Asian countries will have to take steps to revive investor interest in their economies by introducing more business friendly policies, cutting red tape and ensuring a good operating climate sup-ported by strong infrastructure, he said.

Hasening implementation of ASEAN free trade area, which is on a slow 15-year phase in track because of conflicting nation al interests among its members, would also help by opening up an integrated market of more than 340 million people. ASEAN, the Association of Southeast Asian Nations, comprises Indonesia, Ma-

laysia, the Philippines, Singapore, Thailand and Brunei.

Mr. Chowdhury said that although smaller than the 1.2 billion population of China the relatively higher purchasing power of an ASEAN free trade area should make up for the shortfall in numbers.

Underlying concern in Southeast Asia about the competitive challenge from China is a suspicion that the region's economically powerful ethnic. Chinese minorities are starting to funnel very large amounts of capital away from their adopted countries of citizenship and residence back to their ancestral homeland.

Lee Kuan Yew, Singapore's senior minister, cautioned China recently not to misread the mood of the region. He said that a comment by Beijing on anti-Chinese riots in Indonesia had "revived old fears that China has not ahandoned its claim to the loyalties. of all ethnic Chinese wherever they are."

HINA'S attitude toward Southeast Asia is a sensitive issue in the: region, where Chinese minorities in almost every country have a disproportionately large share of wealth and

economic influence. Malaysia refused to allow television reports of the rioting by the British Broadcasting Corporation to be shown, for fear of inflaming racial tension between majority

Malays and Chinese. However, Brian Caplen, editor of Asian Business magazine in Hong Kong, said that it was an "economic falsehood" to think that by investing in China, the ASEAN Chinese:

were in some way depriving their home: countries. He said that moves by the ASEAN Chinese into China "put both them and their countries in a win-win situation" because it would boost Southeast Asian exports to China and open channels for reverse invest-ment by China in ASEAN countries.

# For the Economy, the Hard Part Still Lies Ahead

Continued from Page 7

doing and they bave managed to slow down the economy," said Mr. Freris of the raging growth and 26 percent-plus urban inflation that threatened instability and frightened foreign investors last year. "1994 will be a tough year, but I don't see any pamies or major adjustments on the horizon.

Foreign trade and investment, which alone topped \$25 billion in 1993, have provided much of the impetus to strong sustained growth, but both came at a price China, for

now, is willing to pay.
"Whatever methods are conducive to development of productive forces, we have to adapt them," Li Tieying, a member of China's ruling State Council, said at the "China Sunimit" on economic reform co-organized by the laternational Herald Tribune in May.

In 1978 the total value of exports and imports combined equaled about 19 percent of

China's gross domestic product, according to Mr. Freris. By 1993, he estimates that figure had grown to 55 percent or slightly more, testimony to the vital role China's opening to the world has played in its prosperity.

Such dependency on foreigners for markets, investment and technology, however, carried pressures for China to reconcile its behavio with standards accepted by the rest of the world on human rights, environmental protection, free trade and intellectual property pro-

A growing private-sector business community, much of it foreign funded or influenced, has worked to break down the once all-encompassing danwei and hukuo, or work unit and house-hold registration systems, which allowed au-thorities to interfere in almost all facets of an individual's nonwork life.

At the same time, China's greater involvement with the world has limited its ability to slow its economy though the broad, dual moratorium on domestic credit and imports that solved its 1988-89 overheating problem. Besides, too harsh a slowdown could height-

en domestic tension where, for example, the state-owned enterprises account for 68 percent of industrial sector labor, but just under half of output. Beijing hasn't forgotten that Tianan-men Square can be blamed in part on the social dislocations caused by the 1989 economic

A rapidly changing economy, competing claims for domestic influence and a using international presence will test China after its senior leader Deng Xiaoping, 89, dies.

"China has had just two strong leaders, Mao

and Deng, and both have given China a strong sense of mission and momentum," said Bob Broadfoot of Political and Economic Risk

Constultancy in Hong Kong.
"The question is who will emerge to continue that trend. If no one does, the tendency of a bureaucratic situation is to focus on the day-to-day issues and lose direction."

# An Uneven Development for Human Rights

Continued from Page 7

"They were talking about democratic free-doms, about equality," said Mr. Wang, during a recent interview in the southern city of Guangzhou. "If now they are saying these were false slogans, that they are no longer important to the Chinese people, then how do you justify the thousands of lives that were sacrificed in the struggle?"

ning to hurt certain sectors of society, and these Chinese are not happy; peasants who have seen their real income drop in recent years; workers in failing state-run enterprises who are not getting paid, or only receiving a portion of their wages; others on fixed-in-comes who are struggling to make ends meet as inflation — nearly 25 percent in the major cities in the first quarter — climbs to its highest rate since the 1989 Tiananmen Square crack-

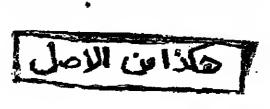
But these groups are not allowed to express their discontent, Mr. Deng, who turns 90 in August, has left no real successor. More than ever, the ruling Chinese Communist Party wants to keep a lid on the underlying discon-

tent for fear it could threaten social stability and the party's hold on power.

Toward that end, the government has been introducing laws that further restrict activities as diverse as religious worship, filmmaking, setting up cable television networks and forming social organizations.

Authorities recently amended a public security law to give police the legal hasis to detain and restrict the activities of pro-democracy and labor activists, as well as religious and national minority groups.

LENA H. SUN is the Beijing bureau chief for The Washington Past.



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was fighting the Nationalist government of Chiang Kai-shek during the Chinese civil war.

"The human rights situation has worsened this year," he said.

In addition, the economic reforms are begin-

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# Cities Plagued by Shortage of Housing

By Richard Tomlinson

EIJING - At Galar Hutong, a rundown alley in a district of Beijing, the cadre from the local housing administration bureau is trying to persuade the residents that it is time to move out. On offer is improved accommodation close to their present homes, with the possibility of returning once the street has been renovated. The residents are initially reluctant, but the cadre soon convinces them to change their minds in the cause of the city's housing reform program.

Unfortunately, Galar Hutong does not appear on the map of Beijing. It is a play. currently running at the Beijing People's Arts Theatre to packed audiences, for whom the desperate shortage of decent accommodation in the capital - as in the rest of China's overcrowded cities — has become a critical issue. Such has been Galar Hutong's impact that in March the theater was graced with the presence of President Jiang Zemin and Prime Minister Li Peng. Congratulating the performers on their success. Mr. Jiang told them that "art should try to show tealis-

Yet in the real world not far from the theater, city authorities have adopted a more brutal (and potentially lucrative) solution to the housing problem. About 20,000 houses in the city center are being demolished to make way for a new financial district, al-ready known wishfully as Beijing's Wall Street. There is no question of modernizing the houses, some of which date from the Ming dynasty, nor of residents being offered the chance to move into new accommodations nearby. Instead, they are being relecated to Daxing, 20 kilometers (12 miles) south of the city.

There is no question that China's housing crisis requires drastic measures. According to official statistics, the country's 200 million urban residents have an average of only 8 square meters of living space each. Last year, Construction Minister Hou Jie Stimated that by 2000. China would need to build a 1.35 billion square meters of new housing and renovate 30 million square meters of dilapidated properly. The ministry said more than 306 billion yuan (\$35 billion) was spent on urban housing projects in 1993, a 78 percent increase on the previous year, despite the government's economic austerity program,

The majority of urban residents live in housing owned by their work unit for the work unit of a relative), for which they pay a peppercorn rent. But since 1980, when senior leader Deng Niaoping announced that city residents in downtown areas could buy their homes, the government has been trying. to reform this system.

One goal is to relieve work units of the financial burden of providing avcommodation for their employees; a second goal is to create a market in private property that will help reduce the urban housing shortage. In addition, the government aims to increase rentals in the state housing sector to pay for

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The problem is that even after a decade of rapid economic growth, few of these 200 million people can alford the price of property. This April, "China Taxation News" reported that while the average annual savings of urban citizens is 1,500 your, the average market price for a 50-square-meter apartment in a big city is more than 60,000

Not surprisingly, this gulf between purchasing power and real-estate prices has led to a slump in sales of newly constructed private property. A recent official survey estimated that there is about 50 million square meters of unsold "commodity housing" in China, representing a total investment of 50 billion yuan.

A visit to the Beijing Real Estate Transaction Market, a branch of the Honsing Reform Office, confirmed that husiness is not exactly brisk. At 9:30 on a weekday morn-

China's urban residents have only 8 square meters of living space each.

ing, only two potential customers had appeared for advice and information about house purchases.

For the vast majority of China's urban citizens, buying their own work unit accommodation is the only feasible option. In Chengdu, the capital of Sichuan, work unit houses are being offered to tenants at evtremely low prices, with certain conditions attached. One government cadre paid his employer 10,000 your for his apartment, but reckons its true value is perhaps seven times as much, If he chooses to sell the apartment in the short term, he must first often it back. to the work unit. But within a few years he will acquire full property rights.

Such deals sound almost two good to be true, and this year the State Economic Restructuring Committee has issued new regufations governing the sale of work until ac-commodation. These declare that in principle, such accommodation should be old to tenants at the market price. Where the tenants' income makes the market price prohibitive, a "standard" price will apply. calculated according to the prospective purchaser's annual salary and the funds invested in the property by the work unit. According to Liu Zhifeng, vice minister of the State Commission for Restructuring the Econom-System, the "standard" price will move. By 2003, it will have gradually risen to a oint where the work unit can make a small profit from the transaction, he said,

To hasten this happy outcome, housing reform officials are promoting "collective funding" between the work unit, the state and the individual property buyer - a system first introduced in Shanghai in 1990). Under collective funding, when a work unit property is sold, the factory continues to

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"invest" in the apartment by paying water, electricity and heating bill : the state's "investment" is represented by tax deductions: and over the years, the individual's "investment," in the form of loan repayments, is expected to increase proportionalely.

Such measures begathe question of whether it is possible to regulate China's urban housing market, which increasingly resemhles a jungle. In particular China's leaders are faced with a huge mass migration from

rural areas to the cities.

For the residents of Zbejiang village in Beijing, about five miles south of Tionanmen Square, housing reform is an issue of necessity, not theory. Zhejiang is a province in southeast China, and the "village" contains as many as 300,000 rural migrants from the region, who have arrived in Beijing during the last decade in warch of work. A bustling clothing production and retail community has evolved.

The municipal government has claimed the district for the city's development program; in two to three years about a third of the villagers will be relocated to public hous-

ing in the outer suburbs.

Li Xuegung, who sells shitts in the clothes market, is one of the few yillagers who is not worried by the municipal government's plans. He and his wife, together with their daughter, pay 300 yuan per month for a 15square-meter room in a private house belonging to a Beijing resident; electricity and water are extra. Mr. Li, who arrived from Zhejiang four years ago, is confident that when the house is knocked down, he can find another room for his amily.

T IS Mr. Li's landletd, a local parkkeeper, who is dismoved at the prospect of losing the family home. "The government has said that they will offer back the new house to him at a good price." Mr. Lisays, "But my landlord is sure this wen't be enough money to pay him back for the rent he's going to lise in the mean-

Many other Beiging residents who ren tooms in their own houses, or secretly subler rooms in apartments belonging to their work-unit apartments, feel the same wip. With living space at a pres turn, these unofficial landlerds can make to much as 4,000 vuan per vear.

Such conflicting interest, between recently illegal migrants, our residents seeking to capitalize on their property, and a cashstarved manicipal go ernment græde for land, are a far ery from the straightforward problems confronted (and solved) in Galar Indeed, these real-life problems are so

complex that four months into 1994, this year's guidelines for the housing reform oregram have yet to be issued The government should do more benefitcial things for the people." Li Peng told the

east of Gala Hutong with reference to the

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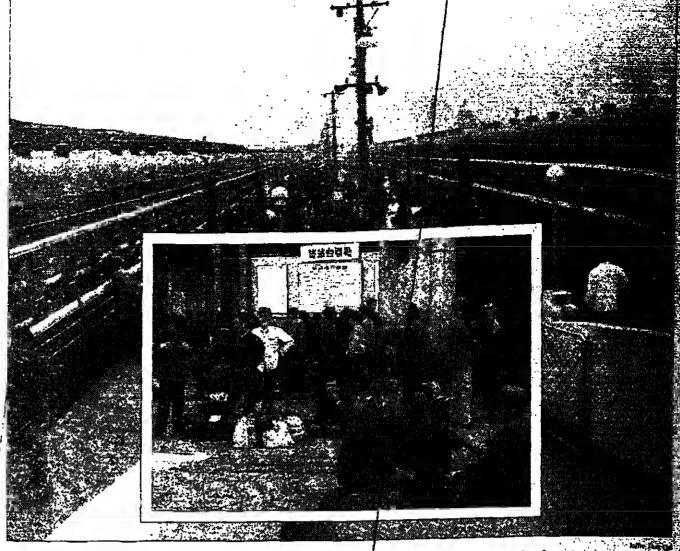
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housing crisis. The question is how.



An estimated 50 to 60 million Chinese have flocked to the major urban areas in search of work:

# Peasants in Search of Urban Prosperity

By Ted Plafker

EIJING - Just off the train after a long trip from his home in the Chinese countryside. Ye Zhenfen, 27. is wondering whether he made the right move.

"I knew before I set out that there would be a lot of other people like me here, but I see now that finding work might really be a problem." says the peasant from Anhui Province, one of

He has the names of a few people from his own village who came to Beiging fast year and who he hopes, will be able to help him get work and a place to may, But standing with his meager belongings in band outside the main railroad station. Mr. Ye has no idea how to go about finding them. Clearly, he will need some time to adjust to life in the big city.

Nobedy knows just how many presents have, like Mr. Ye, chosen to trade the known hardships of tural living for the uncertain promise of a better future in the city. Official estimates say that 50 to 60 million peasants have left their hometowns in search of greener pastures, and that at least half of those have settled in cities all over China.

Last year Bening alone received 1.5 million noral workers, nearly a third of them from neighboring Heber Province. The rest comefrom further sheld - Sichuari, Zhejiang, Annui. Henon and hangeu are all well represented.

Some un-Micial estimates claim that the nations de figure for China - I cat ng population could be as high as 100 minion. By all accounts, the trend continues to grow and could soon pose a threat to the rution - precarious social stability.

According to Liu Binyan, a Chinese intellectual now living in exile in the United States, a large peasant migration has, throughout Chinese history, been a sign of serious trouble. "In our country that has always been an

"This is not to say the current government is about to fall," he hastens to add, "but if it

reaches the point where his large floating population does not find bork and does not have enough to eat, then there will be big

So far the cities have been able to absorb the influx, making good use of the low-priced labor. With double-digit economic growth and an unprecedented building boom, construction jobs remain plentiful. Newly arrived peasants are also willing to take anitation and manufacturing jobs that urban dwellers find unappealing.

But the central government has expressed from that it is becoming too easy for migrants to run businesses without any regard for regulations or taxes. There is also concern that transients are managing to circumvent China's cries family alaminary angustus, which seeks strict family planning apparatus, which seeks to limit couples to having only one child.

For their part, the cities appear to be approaching the saturation point, and there are signs that the welcone mat in some places is about to be withdrawn. Beijing residents are beginning to show flustration with ever-growing numbers of outsiders who are straining the city's supply of water and electricity, and crowding locals out of public transport. Authorities claim that rural job seekers now account for 70 percent of the ridership on Beljing's subway system.
There are also frequent complaints of an

increase in petty crime. Beijing police report that transients were involved in 44 percent of all criminal cases reported last year, compared with 22 percent in 1990.

Beijing shopkeeder.
"A lot of them live hand to mouth. If they find work in the daytime, they're fine, but if

they don't they have to steal something at night just to get by. The complains.

Much farther south, just over the border from Hong Hong, is the city of Shenzhen which, as the first and most successful of China's experimenal special economic zones, has attracted more than its share of migrant work-

For Expatriate Rents, the Sky's the Limit

announced the successful conclusion of an operation to "clean up" of outsiders dubbed the "three withouts" - those lacking identity documents, residency permits and legitimate employment. During the monthlong openation, authorities reportedly sent some 230,000. "three withouts" people back to where they

came from. But analysis contend that the difference in living standards between city and countryside is so great that the migrant labor tide will not easily be stemmed. Ever since the Communist Party came to power in China in 1949, city residents have been the privileged recipients of generous subsidies for housing, food, medical care and transportation.

Rural dwellers, meanwhile, have enjoyed liftle in the way of subsidies. Instead, they have had to shoulder heavy burdens in the form of ... taxes and arbitrary fees often demanded by corrupt local officials.

HINA'S headlong rush toward a more market-oriented economy has brought foreign investment and rap id growth to the cities, making the existing disparity in rural and inban living standards even greater.

At the same time, greater privatization of economic activity has meant that people no longer need to depend on government admin-istered distribution of housing and food. Un-der the old "household registration" system. instituted in 1958, commodities were available mainly through outlets controlled by the govtions if they lived, with appropriate documentation, where the government told them to...

Although technically still in effect, the household registration system has been made obsolete by the easy access to other distribu-tion channels. Reports in Chinese newspapers have hinted at plans to discourage migration to the largest cities by scrapping the household -registration system entirely and allowing peasants to move freely to any of China's 323

#### smaller, county level cities. ers. But with transients involved in 93 percent indication of the end of a dynasty," Mr. Liuof crimes reported in Shenzhen last year, the city appears/to have lost patience. In April, Shenzhen's municipal authorities TED PLAFKER is a writer based in Beijing.

By Sherry Buchanan

UNMING. China - The sun is very hot and dry even though it's late afternoon in Kunming. a booming city and capital of Yunnan. China's most southwestern province bordering Burma, Laos, and Vietnam. With a railroad track connecting it to Harroi.

Kunming was once the city that supplied North Vietnam with arms during the Vietnam War and is still the main trading center for opium from the Golden Triangle. What has changed is that Kunming is now attracting foreign investors because of its petrochemical. manufacturing, tobacco and agricultural in-dustries as well as year-round dry, sunny climate, fertile land, gastronomic delights, and city officials who want to turn the place into China's new Silicon Valley.

But like in many other prospering Chinese cities, the only place business people can live is in a hotel. Sixty engineers from Molins PLC, the company that supplied Yunnan Tobacco Co, with its machinery, for instance, have been holed up in the King World Hotel for the last two years. The four-star hotel does boast a rooftop rotating restaurant, the largest Viennese chandelier in Asia and a white grand piano worthy of Liberace in its lobby, hut still, it is not quite home.

"Kunming has 350 foreign joint ventures and the province as a whole had a \$1.26 billion trading volume last year but no office or residenual accommodation exists to international standards for the growing numbers of execu-tives coming to the city right now," says Ben Lee, a Hong Kong property developer whose FBC Construction Co. has just started building the first large residential, office and shopping complex in the center of Kunming. com-plete with a fitness center and videoconferencing facilities.

tMILAR scenes can be found in Chinese cities that are attracting increasing numbers of foreign investors and where housing has not kept up with demand. At the top of the list is Shanghai, which last year had 130 applications from multinationals to set up operations, including Sony Corp. and McDonald's Corp.

Right now average rentals on the Green Valley Villas next to the Shanghai airport are \$4,000 to \$5,000 a month. But some luxury rentals in Shanghai and Beijing can be even higher than Hong Kong's. A three-bedroom

apartment of 125 square meters (1,350 square feet) in the Portman Shangri La in Shanghai, which houses the American Club and the Americal Consulate, rents for \$8,400 a month: a 100-square-meter two bedroom apartment rents for \$6,300 a month. There is a "paid" waiting list of 52 people, which means you have to purione month down to get on the list. The luxury Landmark Kempinski in Beijing has no

A luxury housing complex in Beijing has a waiting list of 200 people for a total of 161 apartments.

apartments available either and bas a waiting list of 200 people for a total of 161 apartments. A two-bedroom there rents for between \$6.364 a month (for 88 square meters) and \$8,010 (for 111.25 square meters) a month. That translates into \$72 a square meter a month, which is higher than the rental per square meter in one of Hong Kong's most prestigious block of flats. The Albany, where it is \$60.

With so little housing available and at such high prices, multinationals are moving faster than they have in any other new markets to staff their operations with Chinese nationals rather than with expatriates.

"In the No. I position there is more and more tendency to look for Chinese, be they from Hong Kong, Singapore or the U.S. But at the deputy level, more and more Chinese nationals are moving in as they gain management maturity." says Peter Tan, chairman of Korn Ferry International the head-bunting firm, in

In a few cities, there are new residential and office projects on the drawing board that will ease the drastic housing shortage next year. The biggest development plans are for Shang-hai, where parts of the city look like Dresden after the World War II bombing, as whole streets are demolished to make way for an estimated 600 new projects. Even so, many real estate brokers in Hong Kong expect luxury housing to remain expensive.

"Rents will continue to rise at least in 1994 because the actual supply is limited. But starting in 1995-96, there will be a huge supply in anghai and rents should stabilize," says David Cheung, a director of property consultants Vigers Hong Kong Ltd. Mr. Cheung doesn't expect that to last as he believes many U.S. multinationals and investment banks could then choose Shanghai over Singapore or Hong-Korig to set up regional Asian headquarters, leading to supply shortages again. He guesses there will be only between 30 and 40 new projects in Beijing.

In addition, the Beijing central government has just restricted the sale of land to foreign developers in an effort to regulate supply, a move that is likely to further support high sale and rental prices of offices and apartments. U.S. corporations and investment banks are known to be applying pressure on Beijing to ease the housing situation.

For Chinese nationals, however, the housing situation can be very different. The local chief of a foreign investment bank in Shanghai only pays \$2 a month in rent for his apartment. which is subsidized by the government.

LLIED Group, a large Hong Kong-conglomerate, pays its five top mainland Chinese managers, who work mainly in the north of China. between \$800 and \$1,000 a month. According to a survey by the compensation consultants.

Wyatt Co. in Hong Kong, the average takehome pay for a senior Chinese manager working for a wholly owned foreign subsidiary was. \$1,383 a month last year, or roughly one-tenth-of the cost of the base salary of a senior expatriate manager

Bul this situation may not last, and multinationals may soon find themselves having to foot the bill to house their Chinese managers too, as the government eases its way out of the benefits' business such as housing, retirement payments and markets payments and medical care — what the Chinese call the "iron rice bowl."

"The cradle-to-grave notion has broken down and housing is a contentious issue. No foreign company knows what to do but they don't want to get into the business of being & landlord," says Paula De Lisle, director of compensation with Wyatt Co.

Salaries for Chinese managers are also increasing. According to the Wystt's survey that covered foreign companies in Shenzhen. Beijng. Guangzhou and Shanghai, salaries paid to their Chinese staff increased 23.5 percent last year and pay is expected to go up 18.1 percent more this year.

SHERRY BUCHANAN is a writer based in

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#### By John Kohut

EIJING - In January of last year. Jiang Zhuping, the aviation commis-sioner, read China's accident-prone airlines the riot act. "The whole situw Alg Milicurre, ation has reached a critical juncture," said Mr. w Alg South Ear Jiang, former head of the Civil Aviation Addition for the former head of the Civil Aviation Addition for the civil Aviation Addition for the civil Aviation for the civil Aviation Addition for the civil Aviation for the civil for the c ciouidn ministration of China, after five crashes inclaimed 380 lives in 1992 — one-fifth of the d Alred Berg Mone more aircraft, CAAC will have no credibil-lifer East Lity," He ordered the account have no credibil-HUBZ L MANIMIT WORLD'S airline fatalities that year. "If we crash to make 1993 the "year of safety."

Jopan It did not work. Since then, five more crash-North Americes have claimed 76 lives, and because of lax security, hijackers have had a field day, forcing Security, mjackers have had supera to fly them to a pure level of the supera su r Albha Asia H Taiwan — a major embarrassment for China's Along Globa for the rival Chinese Nationalists who control n Alpho Hedge that island state.

Walnin Calla Flying in China has become so dangerous. the U.S. based International Airline Passenger Short Association recently said, that one might be rilled safer on the streets of Sarajevo than on a Chinese plane. China has one fatal accident per 100,000 domestic flights, compared with a world average of one per 1.5 million flights. Now, however, there are signs that the gov-

ernment and airlines are starting to take action seriously.
"I think they're going to get their act together," said Frederick Lee, the Beijing representa-

tive of the U.S Federal Aviation Administration, which set up an office here this year to help the Chinese reach international aviation standards.

Up to now, to be a frequent flier in China was to collect a portfolio of travel horror sto-

It is not just the simple, sometimes surreal annoyances - such as watching flight attendants dine on first-class dinners after serving

mistake because, we think he was too tired." the front cabin economy-class hox lunches. Gross breaches of basic security are comsaid Mr. Xu. mon, ranging from seats without belts, to

This year China's government is putting \$30 million into safety facilities, including defensive stockades around airports and security inspection and fire prevention equipment.

Flight crews are reportedly being given antihijacking training while he authorities work out a new strategy to dea with the threat.

Several airports now have designated lines for security checks of passengers flying southbound routes such as to Juangdong and Fuian provinces, the most rulnerable to hijackng attempts. Ground staff have been ordered to check all hand baggage compared with only a 20 percent rate of checks before. While it is difficult to ascertain whether all airports are complying, travelers note hat security staff are regularly asking passengers to hand over knives and other instruments that might be used as weapons during the flight.

HE pilot shortage is likely to continume in China grew by nearly 20 percent after 33 percent growth rate in 1992, and 28 percent ue for some time, as it takes four years to train a pilot in China. But the country's only full-fledged aviation school, located in the southwestern provpleased to see such demand, but in China, the ince of Sichuan, is exparding its facilities in pressure is clearly beyond the airlines' ability order to double its curoliment from the current surfeit of pilots into a shortage. Some regional airlines have turned to the Russians for "wet

Meanwhile, special inspection groups have been granted the authority to downgrade or uspend unqualified pilot.

China is also planning to install half a dozen make up for the shortage. Chinese pilots have been flying as many as 200 hours or more a simulators this year. Up to now, it has had only a few simulators and has put what one analysi called excessive reliance on flying planes. which means that pilots do not get much practice in handling emergences.

More pilots are being sent abroad for training. China Southern, which is seeking an overseas stock market listing, has acquired a stake in a oilot school in western Australia, where it

hopes to train 100 pilots each year. This year Northwest Airlines of the United States began giving Chinese pilots working for five Chinese carriers certification courses to fly all types of

Up until recently, the military has controlled all of China's air space, relegating civilian aircraft to narrow bands hetween cities. "It's like sending planes through a very narrow tube. When the weather is bad, you're stuck," said an analyst.

This year, however, the military gave CAAC control of air space on routes between Shenzhen bordering Hong Kong. Guangzhou and Beijing. Airline officials hope the military will

eventually pass over other air space to civilian control, which will not only widen flight bands but should also mean a higher frequency of take-offs (presently, flights are allowed to take off every 10 minutes, a much lower density, than in Western countries) and cut some of the red tape in launching new routes:

In terms of service, China's airlines are generally rated near the bottom in international surveys. About a fifth of all domestic, flights are delayed. Passengers are sometimes stranded in airports overnight without even drinking water. The airlines frequently neglect to give clear reasons for the delays, or simply he about the causes.

But Chinese passengers are starting to light back Last January 81 passengers on a China Northwest flight from Guangabon to Beijing launched a lawsuit against the airline after the flight was cancelled because the pilot was too tired. The passengers demanded an apology. compensation for emotional stress and half the cost of the ticket. What's more, an official newspaper encouraged passengers to study the case so that they could learn to protest their lawful rights.

JOHN KOHUT is Beijing bureau chief for the South China Morning Post.



One of China Northwest's Airbus A310s, last year, China's air passenger and cargo volume grew by 20 percent

# In Southwest China, Glimpses of Fading Naxhi Culture

By Richard Tomlinson

IЛANG, China — In Lijiang's main market, Yang Wei Sheng, a poet, is on the prowl for Westerners with whom to practice his English.

Now in his seventies. Mr. Yang says he learned the language from Joseph Rock, the Austro-American botanist and explorer who lived in the town from 1922 to 1949, Mr. Yang explains that, in return, he taught Mr. Rock to speak the local Naxhi tongue - an honor shared, it seems, with several other senior citi-

zens in the Lijiang area who also claim to have enjoyed Mr. Rock's friendship. The Naxhi national minority to which Mr. Yang belongs numbers about 275,000 people. who regard the town of Lijiang as their capital. They live in the northwest corner of Yunnan Province, not far from China's border with Burma, Mr. Yang was one of many Naxhi who suffered during the Cultural Revolution in the 1960s, when Red Guards traveled through the mountains from the state capital of Kunming. 600 kilometers (370 miles) to the south, determined "to hold aloft the great banner of Mao

Zedong's thought" — which in Lijiang meant seeking to obliterate the local Naxhi culture.

planes taking off while passengers are still

trying to find their places, to pilots being

forced to fly as many as double the maximum

hours permitted by law. One domestic airline

based in the southern, anything-goes island

province of Hainan even allowed unlicensed

dented boom in China's airline industry, re-

sulting from rising affluence and double-digit

economic growth. In the rush to make profits.

safety and service have been sacrificed and

officials constantly lambaste the country's in-

creasingly autonomous airlines for being 100

quickly," said Xu Muzhi, managing director of

the Shanghar-based China Eastern Airlines.

Airlines in other countries would be only too

to cope. For instance, the demand has turned a

leases," that is taking on Russian pilots and

Even so, there are not enough pilots. To

month, even though national regulation; set a

ceiling of 100 hours to prevent pilots from

becoming overly fatigued and thus more prone

The captain of a flight that crashed in Nanjing in August 1992, killing 104 people, had

been flying more than 150 hours a month, "He

to make mistakes, according to Mr. Xu.

flight attendants along with the aircraft.

one of the higgest of China's 39 carriers. Last year, airline passenger and cargo vol-

'I'm worried about the industry growing too

The source of all this mayhem is an unprece-

personnel to fly its planes.

A large statue of Mao still stands on the main road through Lijiang, but today his outstretched arm points passersby toward Peter's Cafe, where decadent gastronomic influences are rampant, "Peter" (or rather, his hard-working wife) serves an all-day breakfast of cereal. vogurt and scrambled eggs, as well as perhaps the best apple pie in southwest China. After decades of relative isolation, Lijiang is

gearing up for a Western tourist invasion. At the moment. Lijiang can only be reached by road, and the journey by bus takes two days. with an overnight stop in Dali. In October, the town's vice director of the Key Projects Office, Xie Huanyu, states confidently, the new airport will be opened, providing direct flights from Kunming for the first time since the 70s. The old airfield, which served as a base during World War II for General Claire Chennauli's Flying Tigers, was closed after even the Chinese aviation authorntes balked at the number of planes crashing on the dangerous approach through the mountains.

Today, the rugged mountains and the distinc-

tive Naxhi culture are Lijiang's principal attractions. A few miles north of the town looms the highest peak in the range, Jade Dragon Snow Mountain, Opinion differs about whether its 5.596-meter (18.300-foot) summit has ever been reached. The Chinese claim that a "research team" from Beijing got to the top in 1963. The Naxhi scorn this suggestion, taking pride in the fact that their mountain his defeated the Americans, the Japanese, and most recently, an expedition by the People's Liberation Army.

Joseph Rock was not the only foreigner to be drawn to these mountains. Over the decades, Lijiang has played host to a steady flow of overseas visitors. Peter Coullart, a White Russian emigré who worked in Lijiang during the 1940s as a trade envoy, wrote a memoir of his life among the Naxhi that he called "The Forgotten Kingdom." The writer Bruce Chatwin passed through Lijiang and the surrounding villages in the vinter of 1986 when he met Dr. Ho, another Lijiang native who learned English from Mr. Rock.

But it is Mr. Rock himself, the object of Mr. Chatwin's inquiry, who eft the most indelible impression on local people. He made his home

in old Lijiang, which despite occasional fires the most recent in 1992 - remains the most complete traditional wooden town center in China. Along the cobbled streets and narrow canals. Mr. Rock would take his morning stroll; and in hot pursuit, so Mr. Yang recalls, would follow crowds of taunting schoolchildren, shout-ing "Leke! Leke!" (the Naxhi word for "rock"). Mr. Rock appears to have had little interest in assimilating the Naxhi customs he had come to study. At home, he are off a gold dinner service. On his trips through the mountains, his Naxhi porters were required to carry a canvas bath purchased from Abererombie & Fitch.

FTER 25 years, Mr. Rock at last felt able to deliver the fruit of his research to the Harvard University Press: "The Ancient Naxhi Kingdom of South-west China." a two-volume work that is both massively authoritative and virtu-ally unreadable. Mr. Rock's failings as a writer perhaps explain why misconceptions about Naxhi society persist. The Naxhi, an officially approved Chinese travelogue, states, "have been known throughout the world because of their unique matriarchal system." Older Naxhi women, conspicuous in their

traditional blue blouses, peaked caps and capes. certainly play a prominent role in the local economy. To put it another way, they seem to do most of the hard work. On a hot afternoon in the village of Baisha, a few miles north of Lijiang. the men were playing mah-jongg in the shade of the local temple. Out in the fields, the women were tending to the wheat crop. It is the women. too, who carry the fruit and vegetables to Lijiang market, using huge wicker baskets strapped to their nacks. As "matriarchs," they endure a surprising amount of servitude.

While the women toil, some older men are anxious about the survival of Naxhi culture. In the old town. Xuan Ke and his band of Lijiang gentiemen (leavened, it has to be said, by a few girls from the local music college) regularly perform a recitai of traditional Naxhi music. Mr. Xuan assures his audience of Japanese and Western tourists that this is the last vestige of traditional Taoist temple music. The instruments - a combination of gongs, bells, lutes and drums - are suitably ancient, and for an hour the players bang, pluck and chime their way through "Song of the Water Dragon," "The Clean Stream and the Old Man," and other classics of the Naxhi repertoire.

A mile away in the Black Dragon Pool Park lies another bastion of Naxhi culture, the Dongba Research Institute, opened 10 years ago when Beijing adopted a more accommodating policy toward minorities. Dongba Fetishism, once the Naxhi village religion, is now

Snow Dragon Jade Mountain, the 18,300-foot peak just north of Lijiang.

practiced by only a few old people in the mountains around Lijiang. The scriptures were written in complex pictograms, and at the institute three elderly scholars, also known as dongbas, devote their last years to translating more than 900 volumes into Chinese. Time is short: the dongbas will soon join their ancestral spirits in the dongba afterworld, and no money exists to train a new generation of sages.

In any case, it is not clear whether the next generation of Naxhis regard the effort as a priority. These days, few of the younger Naxhi women bother to wear the traditional blue costume. A 24-year old government cadre explains that "it's too heavy. I wouldn't wear it even for my wedding." Yet there persists an acute sense of being

different from the Han Chinese, who live in the new half of Lijiang, and whose parents and grandparents, in general, brought only death and taxes to the Naxhi people

Now, for the first time in living memory, the Naxhi have friends in high places. The gover-nor of Yunnan Province, He Zhiqiang, is a Naxhi from Lijiang. But other memories die hard. At the temple in Baisha, the dongba wall frescoes bear the scars of the day the Red Guards came to the village. In a fit of revolutionary ardor, the guards gouged out the eyes of the dougha figures, and defaced the pointings with frenzied scratch marks. The charm of the ancient kingdom Joseph-Rock explored is still palpable; so too is the terror visited on the Naxhi by the communists a generation ago.



We have a big link with China.

Dalian is also the name of a big industrial port in north-cast China where the WEPEC Chinese consortium, in partnership with TOTAL, is building one of the most modern refineries in the Far-East - with a capacity of more than 100,000 barrels a day. TOTAL is an international oil and gas company, present in over 80 countries. Our activities cover all sectors of the oil and gas industry, from exploration, production and trading to refining and marketing of petroleum products and LPG. TOTAL is also involved in the specialty chemicals industry (rubber transformation, resins, inks and paints). The Dalian project is only one of TOTAL's

international partnerships, demonstrating our commitment to the development of energy projects worldwide, TOTAL China, Beizhan Binguan, West Wing, 100044 Beijing, Tel: (86) 18 3147 01, Fax: (86) 18 31 55 87. TOTAL BY NAME. TOTAL BY NATURE.



# The Push to Attract (Wealthier) Tourists

By Conrad de Aenlle

S TRAVEL to and around China continues to rise at a strong pace, tourist facilities are being added and improved to handle the flow. and to try to draw a wealthier class of foreign

China last year welcomed a record number of foreigners, 41.5 million, an increase of 8.9 percent from 1992, according to the state Tourism Ministry. Revenues from tourism went up at a faster clip, rising 18.3 percent to \$4.7 billion. One problem authorities face is that despite

the relatively greater expenditure, the absolute amount that the average tourist parts with is quite small, not much more than \$110. That reflects the overwhelming number of guests making short trips from the neighboring locales of Hong Kong. Macao and Taiwan, that are included in the traffic statistics.

Harsh Varma, an Asia specialist for the World Tourism Organization in Madrid, estimates that no more than 15 percent of travelers to China are "genuine tourists" from ahroad. And many of those, he said, are from the former Soviet states and Mongolia - not big spenders. These make up two of China's five biggest foreign tourist markets; the others are Japan, the United States and Singapore.

To ture more and richer foreign tourists. number of ventures have been launched to add hotels and other facilities.

"China is attracting heavy investment in tourism-related projects." Mr. Varma said. "You'll find most of the international hotel chains making heavy investments. They aim to double their capacity by 1000.7 An affiliate of the French hotelier Accor SA.

for example, signed an agreement in January with the State Planning Commission to open 50 hotels in the next three years, mainly by fixing up existing ones. The company plans to set up a fund of \$150 million to \$200 million to finance the work. Once the hotels are ready to open, Accor will manage them. One of the government's goals is to spread

tourism away from Beijing and Shanghai, which remain the two higgest destinations.

There are a number of infrastructure devel-

opment projects coming up as China takes an interest in opening up other areas," Mr. Varma said. "We think China will be in a position to diversify tourism in the next five years. There as been a very strong element of over-reliance on traditional products, but they are realizing that it will reach the saturation point." Among the projects under way are ski resorts in the north and beach resorts in the south, he said.

The China National Tourist Office is trying to introduce foreigners to more of China through annual travel themes: mountains and rivers in 1993, cultural and historical artifacts this year, customs and folklore next year and leisure activities in 1996.

The effort seems to be working: "First-timers will go to the major cities, but there are a lot of repeat travelers who go to the new tier two destinations," said Simpson Choi, who handles international business development for American Express Co. and served as its general manager for China.

HESE include Dunhuant, a city on the old Silk Road to Europe; the Hunan province city of Kunming: Hainan Island, promoted as the "Hawaii of the East," and the Yangtze River, where cruises have become popular. These spots are being visited by ever more

Chinese citizens as well, who are taking advantage of the country's new-found prosperity. As the national economy has been booming. so has the number of tourists around the coun-

try," said Xu Jing, who follows Chinese internal travel for the WTO. Domestic travel "is on an up trend and has been growing rather rapidly. Maybe in the recent past, the government didn't pay enough attention to this sector," Mr. Xn added. "The national tourism administration was working more toward international tourism, but I think this is more beneficial for regional development, in the sense of diversification of economic development and the

spreading of benefits toward areas that

wouldn't otherwise benefit from tourism." He said that in the past the facilities used by Chinese travelers tended to be basic, at best Now, however, they are staying in better hotels

"three-star-type places" — and indeed the difference between the sorts of hotels that locals and foreigners stay in has shrunk considerably.

Domestic travel may be a boon to local economies, but attracting foreign visitors, and the hard currency they bring with them, remains the principal goal of tourism officials.

The Taiwanese government suspended tours

Mr. Varma said he expected growth in true foreign tourism to China to rise by 10 percent to 12 percent a year between 1995 and 2000. If such a healthy rate is achieved, it will be in spite of a number of well-publicized recent shaps that have raised questions about the safety of Chinese transportation.

to China after an arson fire on a pleasure boat on a Chinese lake that killed 24 Taiwanese tourists in March. The ban was lifted about a week ago. More than 1.5 million Taiwanese spent close to \$600 million in China in 1993. After suffering the worst year in Chinese civil

aviation history in 1992, when he changes given a silication history in 1992, when he plane crashes killed more than 380 people, last year was declared the "year of safety" for the country's airlines. It did not live up to its billing, however, as three crashes took 73 lives. There were nine hijackings as well. Mr. Xu noted that the rapid growth in air

service — the passenger load grew by 20 percent last year — had prompted China to decentralize airline operations. A likely result, he said, is that "the quality of service and safety will improve.

Mr. Varma said he expected the effect of the plane crashes to be fleeting: "When these things happen, they make headlines for one or two weeks and fade away very fast. These factors will not have a long-term effect."

HAT may have a more lingering influence is the tussle with the West over human rights. "This factor is more political in nature and has a more lasting effect," he said. "You'll find a lot of people who otherwise would visit China, including tour groups, are not visiting. They're saying. No, we'll wait until it im-

The wait may not last long. "Americans have a very short memory." Mr. Choi of American Express said. Referring to the massacre of pro-democracy demonstrators near Tiananmen Square, he said that "in 1989 a lot of people refrained from going to China, but after nine months or a year they started to

take tours again."

CONRAD DE AENLLE is a writer in Paris who specializes in economic and financial topics.

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March Condon

By Catherine Sampson

EIJING - A young woman smiles coyly, posing beneath the branches of a tree in blossom, and tells millions of viewers what she is looking for in a man. Her requirements for Mr. Right — that he is kind and has a sense of humor — are not as sur-prising as the fact that such a frivolous program as the matchmaking "Tonight We Meet" appears at all on Chinese television

Traditionally, news of bumper harvests and revolutionary operas have filled the nation's television's screens. Never mind whether viewers liked to watch or not, the authorities saw television primarily as a propaganda tool.

Happy peasants and odes to Chairman Mao still play a part but as China's economy has be-come increasingly market-oriented, the government has told the media to be more self-sufficient financially. Now audience satisfaction matters because advertis-

ing revenue matters.

In April, Tan Xisong, the manager of China Central Television's advertising department, said that advertising nationwide had in-creased 94 percent in 1993 over 1992 and that in 1994 it would again increase by between 50 and 60 percent. There are 13 television sets for every hundred Chinese, which makes it an excellent vehicle

To draw audiences, radio sta-tions have started to broadcast live chat shows; tabloids have taken to digging for gossip, and television viewers can at long last choose a diet of soap operas, matchmaking and consumer programs punctuat-ed by advertising breaks.

Indeed, sometimes it is hard to see where the advertising ends and the programming begins. Couch potatoes can relax two evenings a week in front of "TV Shopping." Without ever having to leave their homes, viewers are taken on a tour of a store. The camera lingers lovingly on a sweater or a TV set as a shop employee recites a sales spiel. If the viewer is tempted, he or she can simply dial the number shown on the screen, and the item will be delivered to the door.

Although television stations are still state-controlled, they buy some of their programming from independent and semi-indepen-

vision station can buy a series for tens of thousands of yuan and turn it into a profit of hundreds of thousands of year by selling ad-

Some producers have tried to get in on the act by incorporating soft advertising within their programs. This practice, however, is not popular with audiences. Viewers have complained particularly about the drama series "Capital Jottings" - the set of which is liberally dotted with billboards.

Producers have defended themselves by saying that they do not receive subsidies from the state, and that the sale of a series to a television station alone does not cover the cost of production. Even if producers complain that

they are not being paid enough, TV stations are in fact paying more than ever before for good programs. That is partly because there are so many bad programs around. According to China Central Television statistics, about a third of all the television dramas made cannot be broadcast because they are of such poor quality. Viewers say that even some of those that are broadcast would have been better left on the cutting

In 1992, however, China Central Television spent the unprecedented sum of 3.5 million yuan (more than \$400,000) to buy "I Love You, Definitely," a soap opera about a love triangle, written by the popular young novelist and scriptwriter Wang Sbno. Mr. Wang has perhaps done more to revitalize Chinese TV drama than any other person. He has now setup a production company called "Sweet Dreams" with a fellow scriptwriter, Feng Xiaoguang, Mr. Wang's formula for a winning series is that "it should not be too long — just 10 or 20 episodes. It must be funny, it must seize the attention, and scripts must not be written by committee,"

Another series now in production, called "Shanghai People in Tokyo," about the struggles of Chinese students living in Japan, will cost \$1.2 million to make, because it will be filmed largely in Tokyo. Such a large investment can be justified because stories about the interaction of Chinese and foreigners are, without fail, hugely successful. A 40-part series, "Foreigners in China," is due to be

shown later this year as is the 20-



A takeoff on the U.S. game show "Wheel of Fortune" on Shanghai television.

part "Foreign Girls in Beijing," which was produced by an advertising company.

One of the biggest hits of last year was the drama series "Beijing People in New York." It had all the right ingredients — love, crime, death, handsome actors and good-looking skyscrapers — as well as a look at the outside world that for most people remains a dream.

Even today, however, the government has a far from hands-off attitude to television entertainment. Hard-line Maoists hate the fact that Wang Shuo's novels are serialized on television. They regard him as a "hooligan" and accuse him of writing "about riffraff for riffraff." In the words of the official China Daily, his characters "cheat, swindle, drink and smoke beavily, eat and gamble with abandon." These are not traditional socialist heroes.

Beging People in New York" got it just right by impressing the authorities with its political cor-rectness. Its producers held a conference with the Ministry of Cul-ture last October to discuss the series' success. It was good propaganda, they decided, because of its

patriotic message.
Propaganda still dominates the news and the few documentary programs that are aired.

Producers have tried to introduce Western-style discussion programs, but with pathetic results since there cannot be any free flow of debate. What should be spontaneous discussion becomes a

series of stilted, prepared statements. If a speaker says something be should not have said, his words are simply voiced over with the correct political line when the program is aired, so that be mouths one thing and says another.

Sex, too, is still taboo. When the Jilin Cultural Bureau made a 40episode series out of the erotic classic "The Golden Lotus" last year, it was banned. In two separate incidents in recent months two provincial television stations briefly aired pornographic films by mistake. Those responsible were immediately arrested.

Other taboos have gone, bowever. For big spenders, including the growing number of investors in the stock markets, Beijing and Shanghai television stations have started broadcasting Dow Jones global financial information. Once, such broadcasting would have been condemned oot of hand as capitalist filth. Similarly, U.S. and British drama series and soap operas would bave been pronounced politically unhealthy. Today, dulibed foreign drama series are shaping the way the Chinese see the outside world.

Music Television, with its politically dubious lyrics and hair-raising videos, is popular among the young who are bored with the kitschy cabarets and ballroom dancing classes they usually get on television. Those who have a satellite dish can already watch MTV on the Star TV network. In theory, it is illegal to own

nothing less than enemy propa-

given official permission. In fact, thousands of people all over China bought satellite dishes before the ban came into effect last year, and they have carried on watching with impunity. This eagerness to buy a satellite

dish — at the cost of several months' wages — is another reflection of the low quality of much Chinese TV programming. All alternatives to the standard fare are cheerfully lapped up by a public starved for good quality entertain-ment. Entrepreneurial television executives have started cashing in by introducing pay television and cable stations. So far, although they are in their infancy, they seem popular. In one of China's poorest provinces, Anhui, viewers can pay extra to see one scap opera and one film every evening. In Beijing, cable television has 1.7 million viewers, although there is a 3,000 yuan (about \$340) registration fee and then a further 7 yuan monthly

in Guangzhou, one of China's most freewheeling cities. MTV will be featured on the cable network. It is perhaps no wonder that political hard-liners regard MTV with its bourgeois liberal values as ganda. They would not be the first to reflect that the devil has all the

CATHERINE SAMPSON IS a journalist based in Beijing.

# A Crackdown on Filmmakers

# In Surprise Move, Ministry Issues Blacklist

shattered careers.

By Fionnuala Halligan

EUING — In the past, China's central government has dithered over how to deal with ideologically wayward moviemakers. Oscar-nominated directors Zhang Yimou "Judou," "Raise The Red Lantern") and Chen Kaige ("Farewell My Concubine") have had their movies banned at home because they refused to cut "offensive" scenes. But over time, the sanctions have

This is no longer the case. Last month, the Ministry of Film, Television and Culture cracked down with a rengeance. A directive was sent out to all of China's 16 official studios, film processing labs and even equipment rental companies, banning any contact with six named directors and a filmmaking collective.

While Mr. Zhang and Mr. Chen have narrowly escaped the blacklist, the leading lights of the so-

called "Sixth Generation" of Chinese filmmakers have effectively been wiped out in one fell swoop. Tian Zhuangzhuang ("Horse Thief", "The Blue Kite"), Zhuang Yan ("Beijing Bastards"), Zhuang's wife Ning Dai (who bas only made one film, a documentary on

the making of "Beijing Bas-tards"), Wang Xiaoshmi ("The Days"), He Jianjun, Wu Wen-The outlawed guang and the experimental group Structure. Wave, Youth directors are left to and Film," learned of their ban in ponder their

the newspapers. "It's outrageous," said a shocked Zhang Yuan "It's like telling me I can't eat or sleep. Film is my life, what can I do if I

can't make movies?" In a move some saw as a protest, Zhang Yimou declined to attend the Cannes film festival this month, where the star of his film "Huozhe" (To Live), Ge You, won the best actor award. And Yin Li, who had hoped to show his "Story of Xinghua" in

Cannes, was derried an exil visa.

The ministry didn't just take aim at directors. It has also thrown the country's entire film industry into turmoil by demanding that every movie - even Western co-productions — be processed and censored in China before being allowed out. This comes on top of existing rules, which stipulate that all scripts must be approved before shooting starts. Furthermore, all moviemaking joint ventures are now officially beaused and international co-conducnow officially banned, and international co-produc-tions have been limited to 25 a year.

These are draconian measures designed to reestablish control over a sprawling film industry. In an official explanation printed in the "Beijing Youth News," the director of the ministry's film department, Yan Xiaoming, pointed to his delegation's embarrassment at the Rotterdam Film Festival in February as the reason for the measures, but in fact

the roots go deeper.

When Zhang Yimou's "Judou," a period romance set in a rural dyeing factory, was nominated for an Oscar in 1989, China attempted to have the film withdrawn. Cultural mandarins believed it depicted Chinese as a race of "bandits and villains." The film stayed in competition, but did not win, and the rules were subsequently bent to have Chinese films entered as Hong Kong productions. However, the trouble had

It came to a head last October at the Tokyo Film Festival when the Chinese delegation withdrew in

anger after organizers went ahead with screenings of "The Blue Kite" and "Beijing Bastards." The tracas was repeated in Rotterdam and again at the Hong Kong Film Festival in April. Both films had not been submitted for approval by the Chinese censors and were made outside the legal parameters for filmmaking on the mainland, which stipulate the use of one of the 16 official film studios. Moreover, the authorities hated Zhang Yuan's

depiction of urban youth as drunken, hedonistic and foul-mouthed booligans in "Beijing Bastards." Mr. Zhang hotly disputed allegations of political bias in the banned directors' films. "There is nothing in our work that anyone should be afraid of. Our films are works of art, they are in no way anti-government," be said. "It makes me very uncomfortable to have our films labeled as in some way political. I want to make it clear that I am not a politician. I am an artist with a

Hong Kong-based Shu Kei, who produced "Beijing Bastards" and "The Days," said: "The authorities have embarked on a self-contradictory policy. They want to be economically open, but politically controlled. They think the two can be separated.

They will learn the lessons themselves, the hard way."

Symptomatic of this schizophrenia is the recently announced SMILE deal between United Cin-emas International and South Malaysia Industries to invest \$60 million in developing China's theatrical distribution. The group will be opening multiplexes in 10 cities over 18 months and is working with Shanghai Paradise to dis-tribute foreign and domestie

movies in the theaters. "This is ridiculous," said Shu Kei. "What do the anthorities think they're going to be showing in these cinemas? "The Sound of Music?"

As the ax falls on the "Sixth Generation" of film-makers, all eyes turn to the "Fifth Generation" — Zhang Yimou, Chen Kaige and their colleagues, who came to film late in life due to the Cultural Revolution, which dominates their work. Mr. Zhang's "To Live" premiered at Cannes to official rumblings. Controver sial in that it deals with the Great Leap Forward and the Cultural Revolution, although never on a political level, "To Live" was made by Taiwan's ERA films (with the budget funneled through a Hong Kong

"We're making films by the rules," said Barbara Robinson, vice president of ERA. "Zhang Yimou is not on the list yet." She refused to comment on the fact that the censorship board had demanded cuts to In the meantime, the outlawed directors are left to

ponder their shattered careers in China. Zhang Yuan and his colleagues are in an impossible situation. He can't make films in China and has no interest in going

"China is my life, there are still a lot things I want to make films about here. I don't have the experience to make films abroad," he said. While he acknowledges he could possibly make underground movies, Mr. Zhang said: "I don't want to start a war. As I stated before, I'm not a politician, and once films start becoming political then I lose all interest."

FIONNUALA HALLIGAN is a journalist based in Hong Kong, specializing in film.

# 'Ma's Army' Keeps Track World on Toes

By Ian Thomsen

HE competing world of track and field regards the Chinese women no differently than the Floridian who heeds every tropical storm. The international sightings effected in their opponents a sense of doom - a fear that China is forming an army unseen in affilet-ics since the collapse of East European communism.

Chinese women distance runners won six of the nine medals last August at the World Championships in Stuttgart, including victories in the 1,500, 3,000 and 10,000 meters. Yet that hand -as well as the incredible spate of world records set the following month at the Chinese National Games in Beging — was the work of one team of 12 athletes representing the Liaoning Province, 1,200 miles (1,945 kilometers) northeast of Beijing.

Tourist

Their 49-year-old coach, Ma Junren, is known to make his athletes run unheard-of distances. Ma does not coach men. Some of his women may run a minimum of 24 kilometers daily (an enormous 15 miles), while China's greatest champion, 20-year-old Wang Junia, averages 42 kilometers— 30 in the morning, 12 in the afternoon. That is the equivalent of a marathon each day. The distances are measured by the odometer on the rickety motorcycle driven by Mr. Ma as he shouts orders from behind. In the southern Yunnan Province, one of their three mountain training sites in China, "Ma's Family Army" must concentrate in order to avoid the smoke belching trucks and the oxen-drawn carts of

the peasants on their way to work. Their outrageous successes call to mind the works of the Canadian sprinter, Ben Johnson, and the former East German athletes whose accomplishments were discredited after they admitted to drug use. Last September in Beijing the Chinese women obliterat-ed world records in the 1,500, 3,000 and 10,000 meters. For the first time, five women broke the world record in the same race.

More cynicism was created by their group decision to withdraw from the London Marathon in April, with vague claims of inju-ries. In March, China sent a "B" level team to the World Cross Country Championships in Buda-

pest, arousing more suspicion.
"We were expecting them to send better athletes here," said a representative from one of the lop cross-country teams. What that tells us is that they're probably on

Illegal drugs, such as steroids allow athletes to train harder and build up more strength than opponents who train without drugs. Properly cycled, an athlete could stop using the drugs in time for all



mous number of people for recruit-

ment - way beyond the U.S.A.,

Canada and Europe put together."

Mr. Ma's athletes able to not only

survive, but profit from, their un-

precedented levels of training?

If not with drugs, then how are

His secret, claims Mr. Ma, is not

drugs, but nutrition that provides

more oxygen to the blood and en-

ables the body to recover from

The method is unfathomable.

At first, Mr. Ma claimed to feed

his athletes a potion of worms and

caterpillar fungus. Last fall, he told Iain Macleod of the Daily

Telegraph that the potion was a

joke, but this was followed by re-

ports of Mr. Ma selling the recipe for upwards of \$1 million.

to make a special broth for his army. They cat eggs, but only red-dish-brown eggs. Each day he de-

capitates two turtles and feeds the

blood to his women. Mr. Macleod

Mr. Ma is said to rise at 4 A.M.

Wang Junxia, winner at World Championships. letes' use of drugs in Eastern

traces to be flushed from her system. She would pass the drug test in competition while benefiting Europe, that we must not accuse people of something for which we have no proof," said Dr. Arne from the higher level of training The argument goes that if Mr. Ma's athletes have indeed broken Ljungqvist, chairman of the IAAF medical committee and doping down and fallen behind in their commission. "It's the same thing training, they could not afford to stop taking the drugs now. They would need to keep using them to achieve their peak condition for the with China. I would rather explain the Chinese appearance on the scene as very expected because, after all, they have a population of over one billion, which is an enoroutdoor Grand Prix season, in

which they intend to win prize money to fund Mr. Ma's training The drug inspectors of the International Amateur Athletic Fedcration have a permanent visa to China which, according to the IAAF, allows them to make surprise tests of Mr. Ma's athletes. Of 50 tests prior to the World Championships, a high ratio of three were positive - involving a 400meter hurdler, a discus-thrower and a javelin thrower - but Ma's

Army was clean.
"We have a saying in China that if you have not done anything bad, you have no need to fear anybody knocking on your door," said Wang Junxia, who holds world records in the 3,000 and 10,000 meters and has run the second-fastest 1,500 meters ever. "We are all human beings and were very hurt by

the rumors saying we had been J always maintained the attiunde, during those days of suspi-cion and assumptions about all-

a day while ignoring his own throat and stomach troubles. He recruits his athletes from the Liaoning schools, preferring girls from poor families. They wear their hair short — better for the skin, he says - and they do what be says. Last year there were reports of him banishing an athlete

daily 30 milliliters (about 1 ounce)

from a metal bowl. In the mean-time, Mr. Ma smokes 40 cigarettes

give up her boyfriend. Ms. Wang's only brother died in car accident last July, but Mr. Ma held the news from her for two months, until she had completed the National Games. "I thought it was the right thing," she said of Mr. Ma's decision.

for refusing to cut her hair and

A former Red Army guard, Mr. Ma has been studying coaching methods from all over the world for 25 years. He has analyzed the gait of the deer and emu; he has decided that the old theories of running no longer apply. Athletes should not rest after competition, be says. His athletes prove this, continuing to run in place after victories while their Western opponents lie in various states of collapse near the finish line.

It is difficult to judge whether the meteorie success is a matter of China's harnessing its resources, or simply a factor of Mr. Ma. After China seemed to disappear from international athletics in the 1960s and '70s, its sports system was revived by decentralization. To the outside world, Mr. Ma is the coach of China. Within China, wever, he is the coach of Liaoning Province - which is why, he says, his athletes saved their best performances for the Chinese Games, instead of the World

One would imagine Ma's Army has been upgraded to royalty since last summer. Not so, he says. So great are the provincial rivalries within China, says Mr. Ma, that his team must often do without and that includes properly fitting shoes, resulting in a sore right toe for Ms. Wang last fall. The women must wash their own clothes and dishes. He says they often cannot afford to fly to Beijing, settling for a three-day ride by train instead. And the rising cost of turtles is

Ma's Army is expected to return for the lucrative Grand Prix meets this summer to fund their training center. In the likes of Wang Junxia and 16-year-old Wang Yuan, he is hoping to create an athlete capable of dominating every event from 800 meters to the marathon. Are his demands too great? Have his athletes begun to break down already? Or was last summer the beginning of a system more dominant than the Soviets ever dreamed of? The next months will help decide.

LAN THOMSEN is on the staff of watched as Ms. Wang drank her the International Herald Tribune.



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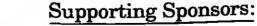




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# **Stranded Bond Markets:** Japanese to the Rescue?

By Carl Gewirtz

ARIS — The gloom engulfing bond markets since early this year is deepening into despair. With one exception, world bond markets suffered another stunning setback last week. The sickening aspect of the relapse is the fear that liquidity—the fountainhead of any market's vitality—is evaporating. "Investors are on strike," said Andres Drobny at CS First Boston in London. "Capital flows are droing to."

in London. "Capital flows are drying up."

Jim O'Neill at Swiss Bank Corp. in London concurred, but said he believed it was "part of an ongoing process that market condi-

tions have changed." He added, "It's not permanent, and it's not The only bond necessarily dangerous."

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Mr. Drobny disagreed. In his view there is a race under way to determine whether confidence is loop is Japan. restored and investors return to

buying bonds before long-term
interest rates are driven so high that they choke recovery in Europe and undermine equity markets in Europe and North America. "The only bond market out of the loop is Japan," he said. There is ample liquidity there, he added, and "the key is to get capital

market out of the

flows moving out of Japan."

But there is little hope that will happen soon. The United States and Japan revived their long-stalled trade talks last week, with Washington abandoning numerical targets as part of its demand for "objective criteria" to measure Japan's progress in opening its domestic market to imports. The agreement was expected to reassure Japanese investors that Washington would not be looking to settle its trade dispute via a revaluation of the yen.

For the foreign exchange market, the agreement was a nonevent. The dollar ended trading last week at 104.275 yea, barely changed from the previous week's 104.150.

For Richard Koo, Tokyo-based analyst at Nomura Research Institute, "softening of the U.S. stance is not going to relieve the fears of Japanese investors." He added, "They are looking for

Mr. Koo said he believed that Japanese investors, who have suffered enomious foreign exchange losses on overseas investments due to the appreciation of the yen, "require lots more than the U.S. is demanding" to be convinced that the yen has peaked in value.

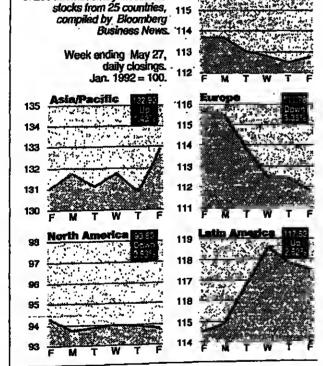
Fear about exchange-rate volatility has kept Japanese investors at home even though long-term interest rates are the lowest in the world. The yield on 10-year Japanese government bonds fell one basis point last week to 3.8 percent on an annualized basis.

By contrast, 10-year government yields rose 31 hasis points in Germany, 35 in the Netherlands, 38 in France, 47 in Denmark and

At 6.81 percent, the yield on German government bonds is 301 basis points above the level in Japan. In the U.S. market, the See BONDS, Page 21

International Herald Tribune 117 World Index

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# **Opel Seeks** Order for Arrest of VW's López

FRANKFURT — Adam Opel AG, the German unit of General Motors, in an increasingly bitter dispute over alleged industrial espi-onage, demanded Sunday that Volkswagen's production chief be

A spokesman said Opel would present comprehensive evidence next week to back its accusation that Volkswagen's José Ignacio Lôpez de Arriorda had stolen General Maria contrata and Stolen General Maria Contrata Contra al Motors secrets.

The spokesman said Opel was concerned that Mr. López might abscond. "There is a growing danger of flight," he said.

Prosecutors are investigating GM's charge that Mr. Lopez and three other executives took confidential information with them when they left GM to join Volkswagen 14 months ago. Mr. López has steadfastly denied this. Volkswagen, which has also per-sistently denied the charges, retort-

ed in a statement that an independent inquiry last year had shown clearly that no secret Opel docu-ments had reached VW or were used by VW.

Representatives of Opel interrepresentatives to the influence public opinion with insubstantial accusations," a Volkswagen spokesman said. "False reports or one-sided speculation about alleged arrest warrants are unfortunately nothing new. That has hap-pened repeatedly in the past and then it was always just a rumor which evaporated into thin air."

A report to be published in the next issue of the German newsmagazine Focus said prosecutors had found Opel secrets on comput-er discs confiscated from the of-fices and residences of several VW executives last year.

The report said prosecutors had managed to retrieve secret Opel data that had been deleted from computer discs confiscated last

year from Volkswagen.

The deleted data comprised cost calculations, model plans and contracts with suppliers of Opel, the report said.

The Opel spokesman noted that one of those under suspicion, Jorge Alvárez Aguirre, was transferred this month from VW headquarters in Wolfsburg to a post at VW's ish subsic SEAT. The spokesman said Mr. López also could be transferred to Spain.

He said Spain was not required to extradite Spanish citizens. Both Mr. López and Mr. Alvárez are Spanish. The VW spokesman re-torted, "Mr. López is a group man-agement hourd member. Wby should be go to SEAT?"

(Reuters, Bloomberg)

## **Appeals Made** For Executive Of Schneider

BRUSSELS - The chairman of the French electrical giant Schneider SA spent his third day in a Brussels prison Sunday amid a flurry of diplomatic and business pressure from Panis for his release. Belgian media said Prime Minis-ter Edouard Balladur of France

triephoned Prime Minister Jean-Luc Dehaene of Belgium over the weekend to discuss the case of Didier Pincau-Valencienne, who was arrested Friday in Brussels on charges of fraud and swindling, Mr. Dehaene's spokeswoman, however, refused to confirm whether Mr. Balladur had called the Bel-

gian prime minister.
Forty French business and political leaders, including 13 members of the Schneider board of directors. took out a full-page advertisement Sunday in the French newspaper Le Journal du Dimanche in which they hailed Mr. Pineau-Valen-cienne for his "moral rigor, ethics

and competence." Under Beigian law, Mr. Pineau-Valencienne must remain in prison until a judge decides whether the charges should be confirmed. He is to appear in court Wednesday.

Mr. Pinean-Valencienne went to

Brussels on Thursday for a hearing he had requested with the judicial authorities, who are leading a criminal investigation on the basis of a complaint by minority shareholders.

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# Germany's EU Burden Kohl and Rival Agree: Bonn Overpays

By Brandon Mitchener and Tom Buerkle International Herald Inbune

International Herald Tribune, Monday, May 30, 1994

Determined to discredit one another in a rancorous struggle for control of Europe's most powerful country, Helmut Kohl and Rudolf Scharping have rarely agreed on anything of late.

It was therefore noteworthy last week when both the German chancellor and his main rival ganged up on Europe for being a bothersome hurden on the backs of German taxpayers.

Coming just one month before Germany assumes the rotating six-month presidency of the European Union, the debate in the lower house of parliament, the Bundestag, underscored the country's growing ambivalence about its traditional role as "paymaster" for the community.

It also demonstrated that Germany's new bud-getary belligerency and election-year politics are likely to fight for priority with grand strategie visions for most of the rest of the year, increasing tensions within the European Union and hampering the government's efforts to expand the union into central and eastern Europe. "It is right that we, as the strongest country

conomically, should pay the most because we derive the most benefit." Mr. Kohl told the Bundestag. "But it is also true that the future financing concept in the community must be much more strongly oriented towards income per head in the individual countries. "Our goal is that other member states with comparable incomes per head must take on more financial responsibility than they have in the past."

Although members of all the German political parties, including Mr. Kohl's conservative Chris-tian Democratic Union, as well as the Deutsche Bundeshank, have fussed about the burden of

Europe before, it was the first time that the chancellor himself had spoken out on the issue.

To be sure, Germany remains as committed to the ideals of Europe as ever, and is expected to use its clout in Brussels to push for a widening of the community to include democracies in Eastern Europe as it did for Austria and Scandinavia.

Mr. Kohl said a continuation of the European integration process remains Germany's ultimate

Schicksulsfrage, or point of vital interest.
Integration is "the most effective insurance against the rekindling of nationalism, charvinism and racism on our continent" and the key to the

and racsm on our continent" and the key to the establishment of a more perfect European union, complete with a common currency, for the start of a new millennium, Mr. Kohl said.

But Mr. Scharping, whose campaign rests on the message "jobs, jobs, jobs," said social security would be the main focus of the European agenda under a government led by the Social Democrats, whom he hopes to lead to victory in this October's whom he hopes to lead to victory in this October's parliamentary elections.

If elected, his party would push European initia-tives in research, science and education, Mr. Scharping said.

He accused Mr. Kohl of "general cloudiness" and hypocrisy for agreeing to Germany's high contributions to European Union budgets in the past and not making sure enough of it returned to Germany after unification.

"The least you could do is ensure that more of it flows back via structural funds and aid for the reconstruction of Eastern Germany," he said. Finance Minister Theo Waigel, whose Bavarian

Christian Social Union shares power with Mr. Kohl's Christian Democratie Union, said Germany had slipped to being the Union's sixth richest country today per capita, from its second richest before

See GERMANY, Page 21

# China and U.S. Gear Up for Big **Business Links**

Chinese engineers will soon leave for the United States to assist Boeing Co. in the design and manu-facture of its new 737-700 airliner,

the China Daily reported Sunday. The move came as American companies and Chinese officials acted swiftly to expand trade relations after President Bill Clinton's decision last week to separate trade issues from the two countries' dis-

pute over human rights. In other developments since Mr. Clinton chose to renew China's most-favored-nation trade status:

 China plans to increase the number of stocks available to for-cign investors in a bid to revive the weak market for B shares. U.S. insurance companies, eager to sell to China's 1.2 billion

people, sent a large delegation to the world's most populous nation to try to open doors. Beijing also pledged "to open up new horizons for foreign invest-

ment" in its oil industry.

The engineers from Xian Aircraft Manufacturing Co, will further extend China's growing ties with the world's biggest maker of airliners, China Daily said. Xian Aircraft build userties! for grabi Aircraft builds vertical fins, stabilizers and doors for 737s.

BELJING - A team of up to 20 part in market feasibility studies for an airplane with 80 to 100 seats.

similar to the 737. In 1993, China bought one of ln 1993, China bought one of every seven commercial aircraft built by Boeing, a report said last week. The aircraft giant is now negotiating with Beijing to sell China another 50 planes worth close to \$5 billion, China Daily said.

Boeing's links with China range from production of aircraft parts to

from production of aircraft parts to training pilots and maintenance personnel. The company has fore-cast that China will become its second-largest market after the Unit-ed States by 1999 and will need to buy 800 airliners worth \$40 billion

Regarding stocks, an unnamed official with the China Securities
Regulatory Commission was
quoted by the China Daily as saying that companies outside Shanghai and Shenzhen would be allowed to issue B shares for trading on the two exchanges but did not

say when the new regulation would be implemented. Turnover on B shares has been low this year as investors have turned to other instruments, such as state bonds. The Credit Lyonnais China B Index shows that B shares fell 33 percent from Jan. 1 to May 13, before the beginning of a

two-week rally.
On May 12, the official Xinhus News Agency said 50 companies would be allowed to list B shares this year, more than doubling the

present 49 listings. But the market needs little encouragement if last week's results are any guide. As investors celebrated news that the United States renewed China's most-favored-na-

See CHINA, Page 21

#### **London Notebook**

## MTV: Trying to Get Out the Euro-Vote In case someone was worried, however, the party claims that Socialists

In the seven years since it set up shop in London, MTV Europe has faced and conquered many challenges. Two months ago the pioneering music-video network surpassed its American parent by garnering an audience now estimated at 140 million viewers across Europe.

This month, however, MTV Europe takes on what may be its greatest challenge. "We stuck our toe in the water on this and we found it pretty cold," said Bill Roedy, president of MTV Europe. Undaunted, he is

bravely pressing onward.

Next weekend, Mr. Roedy will turn his network over to a "Vote Europe" campaign, a series of broadcasts ahead of the elections to the European Parliament on June 12. MTV's heady objective? "I'd sum it up by saying we are trying to make voting cool," said Mr. Roedy.

To advance the cause, MTV will offer a series of news and information in the cause of soil with liberal dollops of music on a voting-related

programs interspersed with liberal dollops of music on a voting-related theme. "Don't ask me what that means we will be playing specifically," Mr. Roedy said. While the reaction of Europe's youth remains to be seen, the MTV sident noted that the campaign was already a big hit in Brussels European Commission president, Jacques Delors, will appear on the

network next weekend to lend his steady hand in the effort to elevate the election to the status of "cool." To live things up a bit, MTV also will broadcast interviews with Prime Minister Gro Harlem Brundtland of Norway; Mikhail S. Gorbachev, the former Soviet leader, and Prime Minister Tansu Ciller of Turkey. "They are unusual choices," said Mr. Roedy. "But we try to go against the

#### Socialists Defy the Euro-Yawn

In notoriously Euro-bored Britain, the election campaign for the European Parliament has yet to catch fire. But the tiny Socialist Party has come up with a potential spark.

In a press packet sent out late last month, the Socialists went straight for the media's jugular: the omnipresent need for excitement. "This election campaign is going to be one long yawn for most people," their will "add something interesting" to the campaign? Nothing less than:

are no longer people who "quote Lenin and get excited about national-ized factories."

#### The Jobs Carousel: At Full Tilt

Propelled by record or near-record profits at many investment banks, the London financial market's job carousel is once again spinning at full tilt.

"There has been an enormous amount of people shifting jobs," said Ian
Webster, editor of "The Analyst Book," an annual directory that lists all

the stock analysts working in Britain.

The new edition of the directory, sent to subscribers last week, shows some remarkable changes. Of the 17 firms, for example, that last year listed their teams of analysts who follow the banking industry, 11 of them show up in this year's directory with teams that are either all or partly changed.

"In the last couple of years, people with jobs were just sitting tight," said Mr. Webster. "Now they are feeling more confident again and they

All that is bad news for their employers, who blanch at paying six-figure bonuses only to have their best analysts, not to mention financiers and traders, cash their checks and sign on with a leading rival.

In an effort to instill loyalty in their troops, such firms as Barings Securities and Smith New Court Securities have begun imposing some form of a work-now/earn-later scheme. Typically, this involves paying bonuses in some form of stock option that can only be exercised in three years' time and only if the employee is still just that.

#### Glaxo Just Says 'No' to Critics

Glaxo Holdings PLC, the world's second-largest drug maker, is feeling the heat from the near universal concern over rising health care costs. At a come up with a potential spark.

In a press packet sent out late last month, the Socialists went straight for the media's jugular: the omnipresent need for excitement. "This election campaign is going to be one long yawn for most people," their press related as said. "The socialists' helpful solution? The one they promise spill "add comething inversities" to the campaign? Nothing less than

#### **Beijing Orders** Data Crunchers To Tell Truth

BEIJING — Fearing "disas-trons consequences," China's economic planners issued a nationwide order instructing offi-

The official China Daily said the crackdown "targets officials inflating their statistics to impress the state and receive promotions." It said the move focused on "those who make their towns appear broke" to receive extra govern-

ment funding.

Officials at the State Statistical Bureau, whose reports form the basis for crucial economic decisions, said the bogus numbers were a threat.
"The deliberate falsehood

of economic statistics by local officials could affect the government's decision-making and lead to disastrous consequences." they warned.

Bonn Aide Rebukes DASA For Skipping Big Air Show

BERLIN—The second Berlin international air show opened with Germany's leading aviation firm, Deutsche Aerospace, getting a public rebuke from a government minister over its absence. Opening the show at the German capital's Schoenefeld airport, Ecocomics Minister Gunter Rezrodt criticized DASA for staying away. I am hitter to see that a German firm, which like no other has received massive aid from the German government, has not seen fit

to support the efforts of the government and the state of Brandenburg" to help make the Berlin air show a success.

This year's show, which runs until June 5, features 390 exhibitors from 29 countries. Many East European companies are represented. In all, 230 aircraft will be on display. On Sunday, a Russian spy plane that can fly at record altitudes to study the earth's ozone layer made its Western debut. The Geophysics M-55 has flown to heights of more than 21 kilometers (13 miles). (AFP, Reuers)

#### JAPAN PACIFIC FUND

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#### Avis de convocation

Mesdames et Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire de notre Société, qui aura lieu le 15 juin 1994 à 15.30 heures au siège social avec l'ordre du jour suivant:

#### Ordre du Jour

- Présentation du rapport de gestion du Conseil d'Adminis-tration et du rapport du Réviseur d'Entreprises.
- Approbation des comptes arrêtés au 31 mars 1994 et fixation du dividende.
- Decharge aux Administrateurs. Nomination de Révision et Conseils Asseciés, Luxem-
- bourg, comme Réviseur d'Entreprises en remplacement de Hoogewerf & Cir S.C., Luxembourg.

Les décisions concernant rous les points de l'ordre du jour ne requièrent aucun quorum. Elles seront prises a la simple majorité des actions présentes ou représentées à l'Assemblée. Chaque action donne droit à un vote. Tout actionnaire peut se faire représenter à l'Assemblée.

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New Int	erna	tio	na	Bo	nd	Issues
Compiled by Lauren	ce Desvilette	5				
issuer	Amount (milions)	Mal	Coup.	Price	Price and week	Terms
Floating Rate N	lotes					
World Bank	TL 200,000	2001	_	101.08	_	Interest will be 184% less 1-year Libor. Coupon may be rest in 1996. Nancallable. Feet 14%. Banca Nazionale del Lavoro.
Fixed-Coupons						Trac Paredicture. Ties Print points Petronice del Covoro.
T & TA	\$400	1996	61/4	100.79	100 00	Parker Jaconic blooms to be a supplied to the
ÐSL Bank	\$300	1999	7	101,335	99,45	Reaffered at 99.815. Noncollable. Fees 1 ki%. (CS First Boston.
Ford Motor Credit	\$150	1997	674	100.809	99.55	Reoffered at 99.71. Noncollable. Fees 1%%. (Nomura Int'l.)
KFW Int'l Finance	\$300	1999	7	99.59	99.40	Reoffered at 99.684. Noncollable. Fees 1975. (Deutsche Bank,
Minnesota Mining & Manufacturing	\$200	1997	6%	101.06		Noncollable, Fees 0.25%, (Lehman Brathers Int'L)  Reoffered at 99.873, Noncollable, Fees 1 1/4%, (Morgan Stanle; Int'l)
Multiva Mexico Trust	\$125	1997	9%	100%		Noncollable. Fees 1%, (Samuel Mantagu.)
Philippine Long Distance Telephone	\$250	2004	10%	99,485		Semionnually. Noncollable. Fees 0.879%, (Bankers Trust Inf.)
DSL Finance	£100	1999	8	99.35		Noncollable. Fees 0.25%. (S.G. Warburg Securities.)
Royal Bank of Scotland	£150	2015	9%	99.97		Noncollable subordinated notes. Fees 0.625% Denominations £10,000, [UBS.]
Cariplo	m. 150,000	2004	9%	100.77	99.00	Callable at par in 1996, Fees 2%, (Cariple.)
ING Bank	DF 500	2004	7%	99.95	98.60	Rooffered at 99%. Nancollable, Fees 1%, (ING Bank.)
Eurofimo	sk 800	1999	834	101,345		Reoffered at 99.72. Nancallable. Fees 1%%. (BL) Int'L)
Toyota Finance Australia	Aus 100	1997	7%	101%	99.75	Noncollable. Fees 11/1%. [Merrill Lynch Int'l.]
Abbey National Treasury Services	Y 30,000	1997	3.35	100.20	_	Noncollable, Fees 0.20%, Denominations 10 million yen. [Mer- nii Lynch int ].]
lardays Overseas Capital	Y 10,000	1999	3.80	100.475		Noncollable. Fees 0.275%. Denominations 10 million yen. (Mernil Lynch Int'l.)
De Nationale nvesteringsbank	Y 10,000	1997	2.90	100		Interest will be 2.90% until 1995, when esue is callable at par, thereafter 316%. Fees not disclased, [Margan Stanley Int'l.]
innish Export Credit	y 10,000	1999	41/2	_		Semicantual interest will be 4½% in first year, lesue divided into two tranches: First one, priced at 98, will pay interest after first year of 9½% less twice the 4-year year swap rate. Second one, priced at 97, will pay 10.20% less twice the 4-year year swap rate. Noncollable, First not disclosed, (Morgan Shanley Int 1).
andswirtschaftliche entenbank	y 20,000	1998	3.30	100		Noncolloble. Fees 0.225%. Denominations 10 million yes. (Nomura Ini <sup>1</sup> .)
Aorgan Stanley Group	y 10,000	1997	2.60	100		interest will be 2,60% in first year, thereafter 0.30 over 3- month Libor. Noncellable. Also 5 billion yen of similar notes, but paying 2.55% in first year, Fote not disclosed. (Margan Stanley Int'1.)
RAR	v 10 000	1004	2			

#### **BONDS:** Could Japanese Investors Save the Market?

Y 10,000 1996 2.81 100.20

Y 10,000 1997 2.70 100

Y 10,400 1996 2.55 100

\$160 2004 114 100

1998 3.70 100

Y 10,000

Continued from Page 19 annualized yield on 10-year Treasury paper rose 18 basis points last

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Microelectronics

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week to 7.28 percent... But Mr. Koo argues that no amount of yield pick-up is going to induce a capital outflow from Japan until womes about the exchange rate are convincingly ended.

Germany currently pays 5.03 per-: consistent with stable prices. cent and two-year paper yields 5.53. In Europe, the Bundesbank has percent, compared to the 6.81 percent available on 10-year bonds. The size of the incentive to move M3 measure of money supply, including the United States.

reported to be sitting on large lossmaking inventories.

rill Lynch Int'l.)

Noncollable, Fees 0.125%, (R) left)

Normally, central banks could Federal Reserve Board is currently points a month. in a tightening mode and may be driven to a more aggressive stance need to do something dramatic to bonds. Three-month money in business is expanding faster than is

by retaining as its benchmark the M3 measure of money supply, money from short-term instru- which continues to expand at a rate ments to long-term bonds is about far exceeding the upper target set the same in all the major markets, by the central bank. The April overshoot, announced last week, But the sizable losses suffered so unsettled markets, as did the statefar this year have discouraged do-ment from the Bundesbank presimestic investors from taking on dent, Hans Tietmeyer, that official new exposure and underwriters are rates were now on hold.

ket rates are frozen. The overnight rate was cut three basis points to be expected to step in and provide 5.2 percent last week, and most liquidity until the markets recovantly analysts expect this key rate to conered their composure. But the U.S. time falling by about 20 basis Even if the Bundesbank felt the

This does not mean money mar-

Interes will be 2.70% in first year, 3% in second year and 3.30% thereafter. Collable at par from 1995. Fees not disclosed. [Margan Stonley Int 1.]

Noncollable, Fees not disclosed, Denominations 10 million

Nancollable. Convertible at 1\$94 per share and at 1\$26.82 per dollar. Fees 25%. (Bardays de Zoete Wedd.)

In theory, European markets following last week's surprisingly restore confidence in the bond mar-In theory, European markets strong revision of first-quarter should not need the buying power strong revision of first-quarter ket and injected liquidity by a maspent up in Japan because domestic growth if this Friday's report on sive cut in rates, Mr. Drobny warned that such a move might even damage sentiment even more" because, with an economic recovery In Europe, the Bundesbank has clearly already underway, it could boxed itself into a difficult position only add to existing fears that faster growth most mean higher inflation.

Unleasting the potential capital flows from Japan appears to be the safest and most desirable way to trigger a revival in bond markets. The question is when, and whether it will be soon enough to prevent European rates from rising to levels that abort the recovery.

## GERMANY: Leaders Agree EU Burden Is Too High

Continued from Page 19 the two Germanys unified in 1990.

and promised to "improve the flows back" in the future.

timent's increasing integration. "A recent study by the German Federation of Chambers of Com-

merce found that Germany was the main beneficiary of free trade within the Union. German enthusiasm for Europe, anti-Union activists on the right

while still strong, has suffered dra-wing of his Conservative Party, and

matically from an embarrassing dofeat over imported bananas and the

John Major is under attack from

corporations hope to dominate. But full membership for Poland. Hungary, the Czech Republic and others would require either a doubling of Union spending on farm support and regional development, or a drastic reduction of those pro-

Neither alternative is politically acceptable to Germany or to other Union members, so Bonn will focus its efforts on reaching out to East-ern Europe politically, one senior German official said.

Mr. Grandinger said both the Germans and the French, who succeed Germany in the Union's presidency next year, "know they have to he low with ambitious programs until the dust of Maastricht settles."

Germany and France, said they would coordinate their policies toward Europe closely.

tions, including tackling the Union's notorious bureaucracy and its maze of regulations, are a naturai product of French-style central-

Wilfried Martens, a former Belgian prime minister who heads the Christian-Democratic bloc in Eu rope, said Mr. Kohl's renewed commitment to a single European currency was significant, given the skepticism of the Bundesbank and many citizens about abandoning

and save. 0 800 89 5965

# Of Skilled Workers Develops

WASHINGTON — Even as the J.S. government wrestles with rowing lines of low-skilled unemloyed, shortages of skilled workrs are beginning to make their first ppearance in the current economic

xpansion, analysts and officials say. Whether this will lead to an upwing in inflationary pressures as workers with the skills in demand cek a larger slice of the economic ie is uncertain. Wall Street is atching and waiting

To be sure, the pressures seem ery mild and in some cases anecotal, but corporations are begining to complain that they are hav-ng trouble finding enough skilled

At the same time, the United tates is in the midst of what Labor ecretary B. Robert Reich calls a crious problem of long-term un-

Even in this increasingly solid bs expansion, almost 1.8 million mericans have been jobless for fore than 26 weeks," he told the nate Finance Committee last eek. He added, "In fact, the share long-term unemployed as a perent of total joblessness has been sing over the last 25 years."

Unemployment has been driftg lower, reaching 6.4 percent in pril, and is expected to do at least that well in May.

Mr. Reich, in a television interview, declined to forecast what the rate would be. But he made clear he bieved that the overall job situation had improved substantially despite the vexing problem of longterm unemployment.

The key, according to Mr. Reich, not only keeping the economy strong, but in upgrading and streamlining a system for retraining workers for new skills under the dministration's proposed Re-Employment Act of 1994.

"While cyclical and seasonal unemployment still exists," Mr. Reich told the Senate Finance Committee, the problem of structural unemployment has grown in importance as technological progress, corporate restructuring, the integration of the world economy and defense downsizing have accelerated the pace of fundamental economic change."

Mr. Reich takes the view that full employment, defined as the unemployment rate at which inflationary pressures develop, may be lower than it has been in the past.

He notes that in 1989, inflation stirred when unemployment dropped to 5.7 percent. But that figure may be competition from overseas.

# A Shortage GDP Data Keep Damper on Bond Prices

Compiled by Our Staff From Dispatches

NEW YORK - Treasury prices retraced some of Friday's losses sparked by an unexpected upward revision in first-quarter U.S. output as traders covered short positions before the Memorial Day weekend.

Prices dropped sharply when the government said it was revising firstquarter gross domestic product to show a 3 percent gain, after earlier reporting a 2.6 percent rise. The consensus forecast was for a small

Prices recovered some in the afternoon as participants with short positions, frustrated that the market had not posted additional losses, covered those positions. Bot Treasury prices ended lower across the board for the day.

For the week, yields were higher, the 30-year Treasury bond finishing at 7.39 percent, compared with 7.30 percent a week earlier. Five-year

#### U.S. CREDIT MARKETS

Treasury notes ended at 6.72 percent, after 6.57 percent, and two-year notes stood at 5.95 percent, after 5.75 percent.

The Treasury market closed in midasternoon Friday for the Memorial Day weekend and will remain closed Monday. Traders said the illiquid conditions as activity died down meant relatively small flows were able to have a disproportionate impact on prices. A note trader said the short-covering had been triggered when dealers

saw some retail demand for two-year and five-year notes. Traders said neither the upward moves of some commodity prices nor Senate testimony on monetary policy by the Federal Reserve chairman,

Alan Greenspan, had any impact on prices.

The stronger increase in first-quarter GDP and components of the report that indicated the economy would continue to grow at a decent rate in the second quarter both contradicted recent bond market speculation that U.S. growth had begun to slow.

The bond market also disliked the upward revision to the first-quarter

fixed-weight deflator, which now stands at 3.1 percent - the highest reading on that component in a year. But some traders argued that the market's response to the GDP data was overdone, in part because both the bond market and the Fed are

essentially forward-looking. "What's important to the market is what's going on currently, not some upward revision to the first quarter," a bond salesman said.

Traders said the force of the initial self-off reflected dealers' long

whether they believe they can raise prices.

Geoffrey Moore, the center's director, believes the inde

positions from the two-year and five-year note sales earlier in the week

positions that they moved to liquidate as soon as they saw the GDP figure. There were reports that \$1 billion or more of the new five-year notes were sold just after the report was released.

Traders said there were a few small pluses operating in the market's favor going into this week. Some were impressed that even as prices plummeted Friday, long-term securities held above the lows for the week. They also said that the successful completion of the two-year and fiveyear sales was a relief for the market, as was the fact that the five-year notes were still trading at a profit at week's end, with the two-year notes yielding slightly above their auction average.

But traders said the upside would be limited ahead of the May imployment report, due Friday.

The median forecast calls for a 270,000 gain in nonfarm payrolls, but that includes 70,000 truckers returning to work after the previous month's strike. In April, 267,000 jobs were added to nonfarm payrolls, and that

total was depressed by the 70,000 strikers.

On Monday, the Knight-Ridder Commodity Research Bureau index of 21 commodities, which had reached its highest levels since October 1990, shot up another 4.67 points to 238.36. That sent the Dow Jones industrial average tumbling. The CRB index backed off later in the week, closing Friday at 230.88 and easing the market's fears.

Some analysts look at the rise in the CRB index and a similar rise in the

Journal of Commerce commodity index and argue that it is only a matter of time before the rise in commodity prices will force manufacturing costs Particularly worrisome is a steep rise in oil prices, since they tend to ave a strong ripple effect across the rest of the economy.

But Dennis Jarrett, chief market analyst at Kidder, Peabody & Co.,

points out that oil prices are still well below the \$19-a-barrel level of a year ago.

"Sure we're up from the lows," he said, "but certainly on a relative basis, oil is still very low." At the same time, however, there is some evidence that inflation is

hitting more than just commodity prices. A leading inflation index by the Center for International Business Cycle Research at Columbia University has risen more than 6 percent since November. The index includes not only commodity prices but employment levels, import prices and surveys of business managers as to whether they believe they can raise prices.

Geoffrey Moore, the center's director, believes the index is forecasting

(Knight-Ridder, AP)

#### The Week Ahead: World Economic Calendar, May 30 - June 3

A schedule of this week's economic and financial events, compiled for the Interna-tional Herald Tribune by Bloomberg Busi-

Asia-Pacific

Mary 30 Camberra Batence of pay-ments for April, Forecest: Current account deficit unchanged at 1.58 billion

Jakarta Putre Sejahtere Pioneerindo, which operates e chain of fast-lood rec-teurants, to be listed on the Jakarta Stock Exchange. The company offered 9 million shares at 5,100 rupish on May 25.

April auto exports.
Tokyo Ministry of International Trade and Industry releases April industrial pro-

 May 34 Jakanta Real apple developer Jaya Real Property lists and trades on the Jakanta Stock Exchange. Tokyo Management and Coordination Agency announces April unemployment rate. Labor Ministry announces the job-

date for March quarter, Forecast: Quar-terly rise of 1 percent in GDP, for annual growth rate of 4.3 percent. Sydney Reserve Bank of Australia to re-

tesse commodity price index for May, Forecast is for an increase. Tokyo 18th Philippine-Japan Economic

Cooperation Consentine bagins, e. June 2: Camberra Retell sales for April. Forecast is for a fail, Toleyo Bank of Japen to ralease Corporate Service Price Index for April. stron on Trade and Economic Is-

suns between Japan and Russia

o Jone 3 Wellington New Zoelar Index for Merch quarter,

. 4.0 per

Expected this wask Madrid Span-ish March PPI. Forecast: Up 4.0 percent in year, after e 4.0 percent annual rise in February dex. Forecast: Up 3.8 percent in year

ary. Frankfurt. German April import prices. Forecast Up 0.3 percent in month, up 0.3 percent in year. Home Italian May CPL Forecast; Up 4.1

percent in year. Franklist German April Industrial production. Forecast Up 0.4 percent in

 Blay 30 Brussels Belgian May CPI,
Forecast: Up 0.2 percent in month, up 2.4 percent in year. agen Denish 1st quarter GDP. Markets closed for bank hol

Mulhouse, France Franco-German

February current-account.
Helalid Finnish April unempirate. Forecast: 19.7 percent.

count Forecast 1.9 billion laroner deficit.

May 31 Copenhages January and

runchusing Management cas for May. Porecast: 19.7 percent. os May MO, Forecast: Up 0.3 perlook: Up from 0.2 percent.

Seattle Association of Art Museum Di rectors annual meeting includes an address by William H. Gates of Microsoft Corp. on "Art Museums on the Information Highway" and other technology topics. Through June 4.

#### Americas

 May 20 United States Financial merkets closed for Nemorial Day.
 Ottawa March employment, cernings May 31 New York Conference

glon Agriculture prices for May Ottama March GDP report.

Caracas Government to publish anal version of income tax reform, Likely to include deductions for capital gains. San Jose, California Internet World '84 legion Oli American Pet attrute issues weekly report on U.S. petro

Washington Commerce Department re-leases first-quarter belance of psyments report on merchandise trade. Temps, Artzons National Association of

ngton April factory orders. April leading economic in nion Labor Department reports

Earnings expected Copley Pharmaceutical Inc., Edison Brothers Stores Inc. yal Bank of Canada. June 2 Washington May employ-

#### ment report. Washington April housing completions cars and fight trucks for May.

#### THINA: Business Links With U.S. Set for a Big Leap

tion trading status, shares in Shanghai rose 5 percent Friday, for a 12.5 percent gain for the week. China Daily said the delegation that visited China last week represented the 12 largest insurers in the United States.

"Many American firms are planning to open representative offices and are seeking licenses to open branches to provide full-scale scrvice," the newspaper said. "Meanwhile, some are looking for Chinese

partners to set up joint ventures."

China has just begun to open its insurance market to foreigners. While U.S. insurance companies have set up 11 representative offices, only American International Group is allowed to do business in China. A total of 50 foreign insurance companies have representative offices in China.

The newspaper quoted the U.S. executives as being eager for a fast-er opening of the Chinese market. per year, has attracted \$15 billion

"We understand the step-by-step process China is taking," Gordon Cloney, president of the International Insurance Council, wasquoted as saying. "But we hope the steps could come a little bit closer together without actually running

Wang Tao, president of China National Petroleum Corp., told China Daily Business Weekly that China was eager for both on- and offshore cooperation with foreign companies and promised the ventures would take new, more flexible forms. He did not give details of bow the new policies would differ

from present practice, however. Several large cooperation projects are awaiting government approval to start. Mr. Wang said. Other deals could be sought at the world oil industry conference that was beginning Sunday in Norway.

China, which produces an esti-

of foreign investment in the past 15 years. Aheady, about 20 percent of China's oil fields have been opened up to forcien firms. Meanwhile, officials from the

southern city of Guangzhou will seek foreign investment to help revive 50 unprofitable state bus China Daily said. More than 150 officials will travel to the United States next month in a bid to attract investment in companies owned by the municipal govern-ment and in high-technology and infrastructure projects.

In the first quarter of this year, almost half of China's state-owned businesses lost money, according to the State Statistics Bureau. A gov ernment official said 36 percent of state enterprises in Guangzhou were in the red. Officials say stateowned companies are suffering due to increased competition from the

fast-developing private sector. (Bloomberg, Reuters, AFP) FIDELITY INTERNATIONAL FUND (in dissolution) Société d'investissement à capital variable Kansallis House - BP 2174 L-1021 Luxembourg

R.C. B 24054

We hereby inform those who were Shareholders of Fidelity International Fund, a société d'investissement à capital variable incorporated under the law of the Grand Duchy of Luxembourg, that the Fund has been dissolved as per the decision of the Shareholders at an Adjourned Session of the Extraordinary General Meeting of May 20, 1994.

Consequently, as from May 24, 1994, those who were then Shareholders have been issued with new shares in Fidelity Funds-International Fund. The old bearer certificates are to be returned to the registrar Fidelity Investments (Luxembourg) S.A., Place de l'Etoile, BP 2174, L-1021 Luxembourg, for cancellation and exchange.



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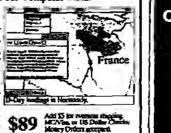
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Germany is the largest net contributor to the Union, providing about 28 percent of its funds, but has also profited more than another country in Europe from the con-

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signing of the Maastricht Treaty on European union, which effectively writes the Deutsche mark out of existence. Germans are particularly resentful of Britain's success in recovering from the Union 66 percent of

the excess of its contributions over Britain considers its hard-won budget rebate sacrosanct, especially at a time when Prime Minister

other governments are loath to send more money to Brussels amid ssion and austerity at home.

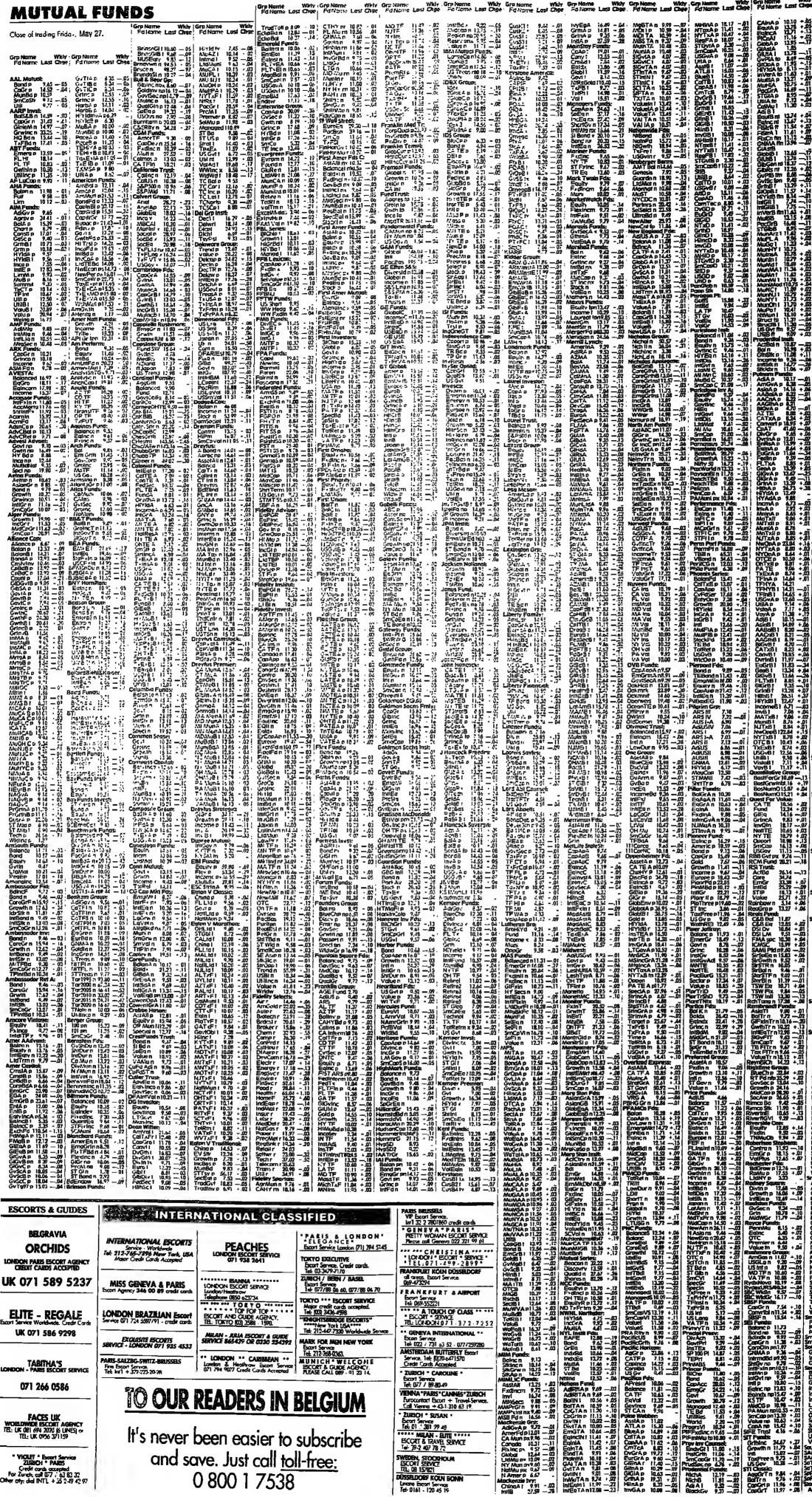
Erwin Grandinger, an independent political analyst based in Berlin, said Germany would probably try to use its presidency to dramati-cally reduce its contribution to the Union's budget and campaign for expansion northward and eastward but otherwise hold back from ma-

jor initiatives. Expansion of the Union remains a fundamental goal, since it would provide a security buffer between Germany and the republics of the former Soviet Union and boost growth in a region that German

Mr. Kohl and French Prime Minister Edouard Balladur, in a ioint letter published Friday in

But some of Germany's inten-

the Deutsche mark. Mr. Martens said it was "deci sive" for hopes of further European integration that Mr. Kohi win reelection in October because his mostly likely CDU successor, Wolfgang Schaübie, is much more skeptical about integration. ar 🤻 nar ∯ Aı



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# Doomsday Forecast for Mutual Funds

By Carole Gould

New York Times Service NEW YORK — The stage is set, Donald Christensen argues, for a new "bust" in mutual funds.

Twice before in this century, in 1929 and in the late 1960s, fund investors lost a lot, Mr. Christensen, the New York investment analyst tells us in his soon-to-be-published book, "Surviving the Coming Mutual Fund Crisis."

And now elements of both crises have resurfaced, he says, to haunt the millions who have flocked to funds in recent years in a mania he likens to the Dutch tulip bulh craze and the flighty period leading to the stock market crash in 1929.

The book's apocalyptic vision may be overdrawn. While a spike in inflation would surely hurt the financial markets, the leverage that magnified the 1929 losses is absent. Regulation is stronger now, too. In part, the book's advice is extreme, but over all, Mr. Christensen offers some solid extract offers some solid counsel.

What wornes Mr. Christensen is the re-emergence of high-risk investing and secrecy that contributed to the previous fund crises.

During the go-go 1960s, for instance, the most successful funds were those using risky investing techniques — buying shares io small, new companies, concentrating their portfolios, owning shares that could not be traded publicly. And when the market plummeted at the end of the decade, some of the highest fiters went with it. Since 1990, many high-risk policies have crept back. The number of "nondiversified" funds, which can concentrate their portfolios in one industry of country has rises marketly. More funds have also

one industry or country, has risen markedly. More fuods have also

one industry or country, has risen marketily. More funds have also changed fundamental investment policies, allowing the use of options, leverage or derivative securities. The latter have created losses for adjustable-rate mortgage funds in recent years.

Ken Gregory, who edits the No-Load Fund Analyst in San Francisco, warns against generalizing about these developments, pointing out that many changes have been made because oew financial instruments are available, and that many of the strategies are used to limit losses, not lift returns.

Still, Mr. Christensen says, investors should steer clear of funds that use the riskier strategies. His concern is echoed by John Rekenthaler, editor of Morningstar Mutual Funds.

"If it's a new and complex strategy that the fund companies are introducing and they say 'trust us,' don't." he said.

Mr. Christensen advises avoiding stock funds with yearly expenses exceeding 1.25 percent, about the group's average. Expenses for funds owning government bonds should out exceed 0.8 percent, he says; corporate bonds, 1 percent.

And potential investors in unseasoned companies must know

there are big risks, Mr. Christensen says.

Managers are moving into smaller stocks, many with short track records, and their belief that they can succeed if they "are smart

enough and work hard," Mr. Rekenthaler added, can lead "to a

dangerous self-confidence."

Mr. Christensen also expresses alarm about the fund industry's tendency to withhold or camouflage information and mislead shareholders about their investments. Prospectuses and annual reports often present information in ways that befuddle investors, he says.

Investors should know who manages their money. The Securities and Exchange Commission recently ruled that a fund must disclose the name of its manager in its prospectus, with this exception. funds managed by teams of two people or more. About 15 percent of all funds in the Morningstar data base were team-managed in 1989; that

amped to 30 percent by the end of 1993. How should investors pick a fund? Mr. Christensen, who publish-

The mutual fund industry's aim is sales. The investor's job, analyst Donald Christensen says, is 'to skeptically question and investigate the risk' of what the industry is trying to sell you.

es "The Insider Outlook," a newsletter that tracks the stocks that corporate insiders buy and sell, advises avoiding funds that lead the short-term performance charts as too risky. Instead, he says, inves-

tors should look for strong three-to five-year track records.

And he urges shunning funds in the bottom 10 percent of the performance charts. But investors should also make fair comparisons. Funds that invest abroad, for instance, look terrible compared with domestic equity funds for the last five years. Mr. Christensen also says stay away from funds labeled "high-

yield" or "high-income," a cuphemism for "high-risk." Investors should never buy shares on margin, Mr. Christensen

says, because doing so is very risky.

High-turnover funds should also be avoided, he says. But if investors shunned them all, Mr. Rekenthaler said, they would miss winners like Janus Worldwide, Columbia Special and Fidelity Ma-

In the end, befitting his doomsday view, Mr. Christensen urges investors to stick with individual issues of stocks or bonds. But because funds can benefit some investors by offering diversification and professional management, this is an extreme approach.

The bottom line: Remember that the fund industry's aim is sales. It is an investor's job, Mr. Christensen says, "to skeptically question and investigate the risk" of what the industry is trying to sell you.

#### **WORLD STOCKS IN REVIEW**

Amsterdam

Amsterdam shares fell sharply last week and the EOE index dropped to 401.63 points from

412.77 the week before.

The fall of the London market depressed trading in Amsterdam. The trend was confirmed by a slide in share values elsewhere around Europe and in New York.

Among the most active stocks, the oil group Royal Dutch/Shell fell from 201 guilders (\$108.77) to 194.60 and the Philips electronics group fell by 2 guilders to 51.30.

Frankfurt

Frankfurt shares fell, depressed by remarks of the president of the German Bundesbank, Hans Tietmeyer, implying there would be a pause in the bank's recent run of regular reductions in interest rates.

The DAX 30 share index lost 4.83 percent over the week to 2,140.99.

The weakness of the dollar, undercutting the international competitiveness of German exports, was also a contributor to the market's slide, analysis at Commerzbank said.

Hong Kong President Bill Clinton's decision to renew

China's most-favored-nation trading status did little to help the Hong Kong market. The Hang Seng Index closed at 9,470.13 points, down 161.50, or 1.68 percent, on the previous week, while turnover averaged 4.76 billion Hong Kong dollars (US\$616 million), compared with 6.96 billion dollars the week before

Brokers reported a general lack of direction among investors, who had widely discounted Mr. Clintoo's announcement that he would renew China's trading privileges and end the linking of trade and human rights.

#### London

Worries over interest rates caused shares to tumble in London, with the Financial Times-Stock Exchange 100-stock index registering a drop for the week of 160.9 points or 5.1 percent, falling through the 3,000 level to close at 2,966.4.

The index has now dropped 16 percent since its highest-ever level of 3,539.2, reached Feb. 3. Dealers worried that the suggestion that the Bundesbank was unlikely to cut interest rates for several months would harm a tentative

recovery in Germany. They also fear the U.S. Federal Reserve will raise rates again to combat the decline in the dollar. Among the heavy losers, Thorn EMI plunged 89 pence (\$1.34) to 1,025 despite a hike in profits while the retailer Marks & Spencer fell

35 pence to 392.5 pence, again after announcing

Cable & Wireless fell 37 pence to 436 after reporting profits of over £1 billion for the first time ever. British Airways, whose profits soared 63 percent, dipped 6.5 pence to 371.

a rise in profits.

Milan was hit by further profit-taking on its recent gains and jolted by the falls registered elsewhere in Europe. The Mibtel index closed at 11.632 points, down 5.92 percent. Dealers said the outlook for the market was

poor in the short term with shares likely to fall further this week. Insurance and banking shares were particularly hard hit. Shares in the Fiat automobile group limited their fall to 3.4 percent. Olivetti fell further,

ending the week down 6.6 percent. Stet, the telecommunications group, fell 3.1 percent.

#### Paris

Money worries pushed Paris shares to a low for the year and the CAC-40 index dropped by 5 percent, to 2,050,67, depressed by lears of inflation and a slowing of rate reductions.

Dealers were worried by the trend in U.S. and German interest rates in particular. Foreign investors were scarce despite encouraging news from several major companies.

Share prices dropped 1.03 percent on Tues-

day, falling a further 2.29 percent Wednesday and 1.97 percent Friday with only a 0.36 per-

cent rise on Thursday.

A slide in the bond market had also depressed dealing, with further falls expected this week, market analysts said.

Singapore

Renewed fears of U.S. interest rate increases

ushed Singapore shares lower. The key market indicator, the Straits Times Industrials index, fell 13.06 points to end at 2.323.95 while the broader-based All-Singapore

SES index slipped 1.52 points to 573.36. Shares rose Monday but fell the following day in reaction to fears in the United States, later allayed, that surging commodity prices would lead to higher inflation.

Almost alone in the world's stock markets, shares rose in Tokyo last week, pushed higher by foreign investment after a series of major companies announced better-than-expected

profits.

The Nikkei Stock Average of 225 selected issues closed at 20,777.16, up 434.99 points or 2.1 percent from a week earlier. The index gained 71.42 points the week before.

The broader-based Tokyo Stock Price Index of all immediately.

of all issues in the major section ended at of all issues in the major scenon ended at 1,670.76 Friday for a weekly gain of 28,22 points after losing 0.66 point a week earlier.
First section turnover averaged 465.8 million shares a day, against the preceding week's 287.7 million, while the value of shares traded this week increased from 323.2 billion yen (\$3 billion to 422.6 hillion tens.

lion) to 422.6 billion yen.

The market was encouraged by a Japan-U.S. agreement Tuesday to resume stalled framework trade talks, aimed at cutting Japan's trade surplus with the United States.

#### Zurich

Zurich also was relatively isolated from the chill running through other markets. The Swiss Performance Index dropped by just 8.24 points (0.4 percent) on the previous week, to 1,780.19 Uncertainties over interest rates continued to

weigh on the market. But Wall Street's recovery at the end of the week helped the market.
Bank shares were depressed. UBS fell 4 to
1,170 Swiss francs (\$836). SBS fell 6 to 402, and

# **SHORT COVER**

#### China's 1994 Bond Sale Going Well

BELLING (AFP) — China's crucial 1994 state bond issue has been largely successful, with all two-year bonds sold out ahead of schedule and 67 percent of their three-year equivalents taken up, the Ministry of

A ministry official said be was confident that the remaining 33 percent of three-year bonds would be sold by the end of June as planned.

This year's 87 billion yuan (\$10 billion) state bond issue, launched April 1, is vital because the state treasury will for the first time be unable to offset its budget deficit by borrowing from the central bank.

#### Did German Doctors Get U.S. Bribes?

BONN (AP) - German heart clinics are suspected of having taken millions of dollars in kickbacks from U.S. manufacturers while permit-ting the manufacturers to charge exorbitant prices for heart valves,

Chief doctors and administrators at dozens of clinics around Germany have been receiving bribes of up to 1,500 Deutsche marks (\$900) per heart valve in exchange for passing along inflated bills, said Gert Nachtigal, president of the General Health Insurance Union. Karsten Vilmar, president of the Federal Chamber of Doctors, called

Mr. Nachtigal's accusation "slanderous." But the German minister of health, Horst Sechofer, said a criminal investigation was being prepared.

# Murdoch Targets More TV Stations

SYDNEY (AFP) — The media magnate Rupert Miudoch is embarking on another buying spree of U.S. television stations, setting his sights on 15 more within a year, according to The Weekend Australian.

Last week, Mr. Murdoch's Fox Broadcasting bought 12 U.S. television affiliates for \$700 million. Mr. Murdoch, chief of News Corp., told the newspaper he would also like to buy Australia's Seven Network if Canberra deregulated laws preventing cross-media ownership in Australia.

## U.S. Seeks Changes in BT-MCI Deal

WASHINGTON (WP) — The U.S. Justice Department is trying to negotiate changes to British Telecommunications PLC's plan to buy a \$4.3 billion stake in the Washington-based long-distance company MCI Communications Corp., government and diplomatic sources said.

The move to alter MCI's deal with BT is an apparent reaction to

complaints that Britain unfairly blocks U.S. telecommunications compa-

nies from doing certain kinds of business there.

The United States is unhappy with British policies that ban foreign ownership of international calling facilities. AT&T Corp. has been trying to set up its own such network in Britain. Yet the United States concedes that many barriers to foreign competition in Britain have come down in the past decade, making it the most open market in Europe.

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Victuam will end the monopoly of the state telecommunications authority and open it up to armed forces participation, the semiofficial weekly Victuam Investment Review said. But it gave no indication that private companies would get a piece of the action.

Hoi Sing Holdings, the Hong Kong construction company, reported a pretax loss of 7.3 million dollars (\$945,000) for the nine months that ended Dec. 31. It cited stiff local competition. (Bloomberg) Shougang Concord Grand, the China-controlled real estate and invest-

ment company, said net profit climbed 184 percent to 144.0 million Hong Kong dollars in 1993, from 50.8 million dollars in 1992. (Bloomberg)

# **Electric Utility Stocks: Competition Takes Toll**

NEW YORK - After the jolts they have suffered over the past several months, many investors in electric otility stocks are in shock. This historically conservative sector, where risk of price declines is presumed to be cushioned by generous dividend yields, has taken a unding over the last nine mooths.

The Dow Jones average of 15 utility stocks fell more than 30 percent from its peak last August to its recent low. That is triple the damage suffered by Dow Jones average of 30 industrials from its record high early this year to the lows it reached this spring.

The sell-off has taken the utility average to its lowest levels in six years, wiping out almost all the gains it had recorded in the loog recovery from the market collapse of 1987.

With their traditional standing as "bond substitutes," utility stocks are trading at prices that last prevailed when an investor could get 10 percent interest on a top-rated corporate bond. Today, yields on blue-chip industrial bonds stand at about 8 percent.

That strongly suggests that the rise of interest rates since last fall is out the only force that has weighed down electric utility stocks. In the general view on Wall Street, the industry is heading into a

difficult period of change, adapting to increased competition. Two recent indications of this are a proposal by California regulators for sweeping changes, including some elements of price competition, in their state, and a dividend reduction by FPL Group, parent company of Florida Power & Light.

Many analysts say the self-off in the utility stocks has gone to unwarranted extremes, and have been recommending that investors do some bargain-hunting in the group.

William LeFevre, at Ehrenkrantz King Nussbaum Inc. in New York, said: "To hear some tell it, electric utilities are becoming powerless. Don't believe it. Companies with well-covered dividends should be bought oo any further weakness."

Some selling appears to have spilled over into natural gas and water utility stocks, although analysts say those businesses face oowhere near the same level of uncertainty as electric power.

But even if the markets have overreacted and a rebound may be due,

many observers say conservative long-term investors have reason to approach electric utilities with a sense of caution

"We advise an extremely selective approach to investing in the group," said James Dobson, analyst at Donaldson, Lufkin & Jenrette Securities Corp.

He suggested that investors look in particular for utilities with relatively low customer rates, dividends that are comparatively low as a percent-

age of earnings and managements that seem to have good strategies for

negotiating the changes confronting the industry.

While the selling in utility stocks seems to be overdone, further declines are possible in the near term, said the advisory letter Dow Theory Forecasts, "From an investment standpoint, it is probably too late to exit the utility group. But investors should upgrade out of low-quality issues. The stocks should also be examined within the context of portfolio allocation. Utilities should not make up more than 15 percent to 20 percent of a portfolio."

As for the risk of dividend cuts, analysts at Dow Theory Forecasts advise investors to be especially wary of stocks with higher-than-average yields and companies where recent dividends have exceeded earnings or have been close to that point.

They said that a payout ratio above 90 percent of earnings "reflects a dividend that is potentially on shaky ground." They added, "A utility whose quarterly per-share earnings have not covered the quarterly dividend for several quarters is a good candidate for a cut."

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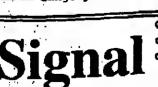
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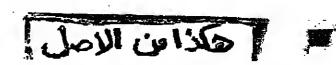
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# **SPORTS**

# Rangers Gain NHL Final in Dramatic Style

By Joe Lapointe New York Times Service

NEW YORK — The New York Rangers are going to the Stanley Cup finals for the first time in 15 years, with a chance to win their first

trophy in 54 years.

They earned the right to do so by winning the seventh and final and best game of a terrific series, defeating the New Jersey Devils, 2-1, in double overtime Friday night on a goal by Stephane Matteau at Madison Square Garden.

The Rangers now play the Vancouver Cannucks in the Stanley Cup finals, a best-of-seven-game series that begins Tuesday night at the Garden.

. The Canucks finished barely above 500 in the regular season, but they have won three rounds in the playoffs, paced by the goal-scoring of Pave. Bure and the goaltending of Kirk McLean.

The goal that beat the Devils came 4 minutes

24 seconds into the second overtime on a wraparound shot after Matteau cut behind the Devillar and second overtime on a wraparound shot after Matteau cut behind the Devillar and second overtime on a wraparound shot after Matteau cut behind the Devillar and second overtime on a wraparound second overtime of the properties of the pr ils net and carried the puck back to the gloved side of goalie Martin Brodeur, who had gone to his knees in anticipation of a pass out front.

"I never saw anything," said Brodeur, a rook-ie, who was probably the most valuable player in the series. "I went down to cover the lower part of my net. Next thing I know, everyone was cheering. I said, 'Uh-oh, that's it.'

It was an excruciating game filled with drama and tension. Although there was much hard hilting, there were only two penalties in the entire game, one to each team.

The Devils, eight seconds from elimination, forced sudden death with a goal by Valeri Zelepilkin after they had pulled Brodeur for an

extra attacker.

Brian Leetch scored the other goal for the Rangers, in the second period.

Two previous games in this series also went into double overtime. The Devils won one at the Garden; the Rangers won one in the Byrne Meadowlands Arena.

In the closing seconds of regulation, the Garoden fans were on their feet, making a deafening sound. The visitors won the face-off, kept the puck in the zone and stormed the crease around Mike Richter, who failed to clear the puck on a poke-check attempt.

"The puck, passed by Claude Lemieux, slid across the crease to Zelepukint His first shot was stopped by Richter's left log. His second shot got through with 7.7 seconds left, and he began to celebrate as he fell on top of Leetch.

Mark Messier looked toward the criling in anguish. Suddenly, the cheering stopped. The ascore was tied. It would take more than three periods to determine the winner of the game

"Probably the way it should've been settled," said Mike Keenan; the Ranger coach. "They wouldn't go away and we wouldn't either."

# Pacers Win by Holding Ewing to 1 Point, Knicks to 68

By Clifton Brown New York Times Service

INDIANAPOLIS — It was the worst offen-sive game of Patrick Ewing's career, a game in which the New York Knicks set a record for fewest points ever scored in a National Basketball Association playoff game.

Holding Ewing to an incredible one point, the lodiana Pacers whipped the Knicks, 88-68, in Game 3 of the Eastern Conference final on Saturday afternoon in Market Square Arena. And in doing so, the Pacers crased the mark of 69 points that they had established against the Atlanta Hawks on May 12 in this year's Eastern

"We didn't handle the pressure at all," said the Knicks' coach, Pat Riley, "It's amazing that

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Kings' McNall to

LOS ANGELES - Bruce McNall's deterio-

rating financial condition has culminated in an

agreement whereby he reluctantly agreed to

The action, taken in U.S. Bankruptcy Court

in Los Angeles, caps a yearlong financial slide

for the Los Angeles Kings' president, who last May was being hailed as one of most successful

and innovative sports entrepreneurs in North America when his club reached the Stanley Cup

enter bankruptcy proceedings.

we were even in the game in the third quarter. Then we cracked. From a rebounding standpoint, from a loose ball standpoint and an effort standpoint, they played the way we did at

It was the first time in Ewing's nine years in the NBA that he had been held without a field goal for an entire game. He missed all 10 of his shots from the field, and got his only point with 6:39 left, when he made the second of two free Ewing had to wonder if this was really hap-

pening, or if it was a dream. But it was real and, for the Knicks, it was a nightmare. When Ewing left the game with 3:23 left, he walked slowly to

the bench shaking his head in disbelief.

said. "You hope there won't be too many, I was being doubled as soon as I touched the ball. But give them credit. They stepped it up."

The Knicks still lead by 2-1 in the four-of-seven-game series, with Game 4 to be played Monday afternoon in Indiana. But with the Knicks' offense collapsing, the Pacers pulled away in the fourth quarter and remained unbeaten at home during the playoffs

with a 5-0 mark. With Derrick McKey having punctuated the third quarter by dunking in Anthony Bonner's face just before the period ended, Indiana entered the final period with a 62-52 lead and momentum, while the Knicks were in trouble. The crowd, which had already been loud,

trouble, he scored only six points in the first three quarters.

"We pushed their offense way out the way they pushed ours out in New York," Indiana's coach, Larry Brown, said. "I told our guys before the game that this is where the series starts. Now we know we can best them, and it all depends on how we respond and how they respond.

The Knicks got only three field goals in the third quarter, which their 13 points made their lowest-scoring quarter of the playoffs. The Knicks also hurt themselves with poor freethrow shooting, missing 11 of their first 22 from

McKey broke out of a slump with 15 points the line. In a game where points were so prefor the Pacers, while Rik Smits and Reggie Miller scored 14 each. Miller, like Ewing in foul throws was even more disgusting to Riley. Several times, when the Knicks missed at the line, be looked down at the floor in anguish.

Indiana received a scare with 4:25 left in the 11 third quarter, when Byron Scott fell hard to the floor after being fouled by Charles Oakley, As Scott drove to the basket, Oakley stepped into the lane and tried to draw a charging foul.

Scott, in midair, had his leg clipped by Oakley's leg and he fell hard to the floor on this right hip. Scott remained on the floor for more than a minute, but he got up, walked to the Pacers' bench under his own power, and remained in

The favored Knicks were not.

# Jazz Trip Up Rockets, **But Flu Fells Malone**

By Jay Privman New York Times Service

SALT LAKE CITY — A flu bug that hit Utah Jazz forward Karl Malone before Game 4 game at the Delta Center did not stop him from scoring a team-high 22 points in a 95-86 victory

But Malone was too ill to attend practice Saturday, "and he hasn't missed many in 10 years," according to Utah's coach, Jerry Sloan. "He's not feeling very well." Sloan said.
"He's had a tough time. I don't know if he's getting worse, but he's oot here."

Malone was expected to play Sunday after-noon in Game 4 of the Western Conference finals, which Houston led, 2-1. But his health concerned the Jazz, because Malone has been their leader throughout the season and in the

In addition to his scoring, he averaged 12.3. ebounds a game in the first two rounds, and had 16 Friday night, equaling his best mark during this year's playoffs.

Utan controlled most of Friday night's Game 3 as little went right for the Rockets. Hakeem Olajuwon was held without a field goal for the first 16 minutes, 34 seconds of the game, and the Rockets' outside shots, which complement

Olajuwon's inside game, kept missing.
The Jazz beat the Rockets in the transition game, getting fast-break baskets in bunches. And when several calls didn't go their way, the Rockets complained bitterly, incurring four technical fouls.

Despite all that, the Rockets trailed by only 8 points with a little less than two minutes to go. So even though the Jazz finally won, and balved the Rockets' lead in the best-of-seven-game series, the Rockets were still convinced that "We didn't play well at all, and we still had a chance to win," said Olajuwon, who had a game-high 29 points.

Olajuwon, who had both Utah center Felton Spencer and forward David Benoit come over to visit every time he touched the ball in the low post, missed his first eight shots, then made 10 of his last 15. But by the time Olajuwon heated up, the Jazz had built as much as an 18-point lead, the last time at 73-55 in the third quarter.

Lake City and Denver.

three games of this series, after averaging 28.7 points against Phoenix in the Western Conference semifinals and 34 against Portland in the opening round.

need an outside shooter to relieve some of the pressure on Olajuwon. Like gnard Kenny Smith, who had 27 points in Game 1. Or Vernon Maxwell, who had 34 one night in Phoenix. Or Mario Elie. Or Sam Cassell, Those four guards, bowever, made only 10 of 38 shots Friday night, with Elie drawing a seven-shot

sell said. "We've just got to concentrate on making our three-point shots. I'm oot whining about our guard play. We'll be back. One person's got to step up. It's not a big concern of

The Rockets made only six of 21 of their 3-



Patrick Ewing, always surrounded by Pacers, took only 10 shots and missed them all.

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series, the Rockets were still convinced that were not be superior treatment to re-establish Sunday.

Der von finished to Company the control of the control

on efforts by four of his creditors - including three banks who claim that McNall owes them nearly \$162 million - to force McNall into bankruptcy proceedings that would have resulted in liquidation of his assets.

Friday's development came during a hearing

U.S. Bankruptcy Judge Lisa Hill Fenning instead converted the petition to a Chapter 11 case under the U.S. Bankruptcy Code, meaning an attempt will be made to restructure McNall's finances and pay his creditors.

"His spin doctors are going to say he volun-tarily did this to help his creditors," said Los Angeles lawyer Robert A. Meyer, who represents McNall's most aggressive creditor, the French-owned Credit Lyonnais Bank Nederland, "That's nonsense. The reason this hap-pened is we chased him into bankruptcy court."

The bank claims it is owed \$121 million in loans made to McNall-affiliated enterprises, including a movie production firm, a horse racing operation and a coin business.

The case is expected to be slowed by a grand jury investigation into whether McNall has lai-sified financial statements. In two deposition-like hearings with creditors, McNall has declined to answer most questions, repeatedly invoking his Fifth Amendment right, protecting him against self-incrimination.

over Houston.

they are the superior team, a position they wanted to re-establish Sunday.

"The Jazz played smart, they did a good job, and I was tired, too," said Olajuwon, who, despite playing 46 of 48 minutes Friday, said he is weakened by the altitude in places like Salt

Even without oxygen, Olajuwon is good for about 30 points a night. This year's NBA most valuable player has averaged 33.7 points in the

For the Rockets to succeed, however, they

"We know we can beat this ball club," Cas-

point attempts, and were only three of 14 in the second ball.

... - - - -

# SPORTS

# Hill Captures Spanish Prix, Schumacher 2d

The Associated Press

BARCELONA - Damon Hill of Britain won the Spanish Grand Prix on Sunday to end Michael Schumacher's four-race winning

Schumacher, driving a Benetton-Ford, finished second, 24.166 seconds behind Hill's Williams-Re-

Mark Blundell in a Tyrrell-Yamaha took third more than a minute behind.

It was Hill's fourth Formula One victory, and first this season. Schumacher, from Germany, had won

the opening four races. "This is better than any of the wins I had last year," Hill said. "It was much harder under the circum-

stances. Hill won three races in a row last year after mid-season.

Schumacher had the pole position and led for the first 22 laps before going into the pit for tires

and fuel. But gearbox problems forced him to slow up over the next two laps and he lost more than 10 seconds before recovering his full

speed, which allowed Hill to move into first place by the 31st lap. Schumacher took over the lead again but had to pit once more at

the end of the 41st lap. Hill regained first position at the end of the 46th lap of the 65 to be run and held it to the finish.

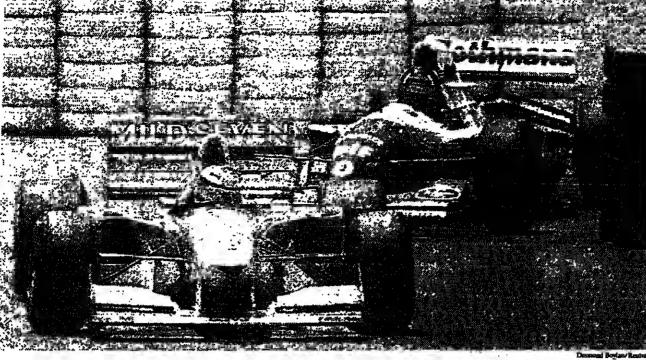
Only two other drivers were on the same lap as Hill at the finish, while just 10 cars of the starting 26 were running at the end of the race, which was held on a humid and sunny day.

Jean Alesi in a Ferrari was fourth followed by Pier-Luigi Martini in a Minardi-Ford. Eddie Irvine, in his first race after a three-race suspension, took sixth in a Jordan-Hart.

Hill's victory puts him into second place for the driver's standings of the season with 17 points. Schumacher is still far ahead with 46

"This was very important to do well," Hill said. "This victory must go to the team Williams who have had a difficult time lately."

"And also the fans of Ayrton they wanted me to do well." Senna a new small curve, or chicane, bor-



Michael Schumacher holds the lead on Sunday, temporarily, as he and Damon Hill pass through a makeshift turn bordered by tires.

Grand Prix four weeks ago.

Hill did I hour, 36 minutes 14.374 seconds for the 65 laps of the 4.747-kilometer (2.95-mile) course, a total of 308.5 kilometers. Alain Prost won last year's race in 1:32:27,685.

This year's track was altered Senna in Brazil who said to me that slightly when the drivers requested

died in a crash at the San Marino dered by tires at the end of a small and return home sometime Monstraightaway.

Off the track, Italian driver An-Doctors said Montermini had a drea Montermini was reported in broken toe in his right foot and a good spirits as he recovered from cracked heel in his left. Monterinjuries following a crash on Satur- mini, making his debut for the Simtek-Ford team, crashed at about Andrea is fine, he slept well and 200 kilometers an hour while

today he's in good form and wants rounding a curve Saturday. home," said Paulo Monter-Continued discussions among mini, the driver's father. He said the drivers, team leaders and the Andrea hoped to leave the hospital sport's governing body concerning

the new safety measures occurred during the weekend.

The cars' new technical regulations, some of which were brought into effect following a number of high-speed accidents the past month, will be reviewed at a special technical meeting this Tuesday in

The next race is the Canadian Grand Prix on June 12.

# Fittipaldi Crashes, Unser Wins at Indy

whelming were Roger Penske's Mercedes engines in Sunday's Indianapolis 500 that even when Emerson Fittipaldi crashed while leading with 16 laps to go, teammate Al

ing steadily away from rookie run-third victory and second in a row. ner-up Jacques Villeneuve.

Indy 500s that the race has ended

under a caution flag. loophole in the Indianapolis rules, after a brief examination.

gine for just this one event. pit stop.

The payoff, worth an estimated. The fire this victory to his triumph in 1992. in the closest finish ever.

INDIANAPOLIS — So overthe lead to 34 seconds in the next
helming were Roser Peneke's few laps, then Fittipaldi struck the wall coming out of the fourth turn. "The car was flying, I hat an apron," Fittipaldi said.

Before Fittipaldi's crash, he nev-Unser Ir. simply moved in for the er lost the lead except when he made pit stops. His last was on the Unser, the son of four-time winner Al Unser Sr., inherited a 13.3second lead and turned the race
back into a Penske runaway, pulling steadily away from recipie rin-

Rookie Hideshi Matsuda hit the Unser driver was able to enjoy wall in turn two on lap 91, bringing the final moments of his second out the fourth yellow light. Molock rivers in the part of his second out the fourth yellow light. Mobehind the pace car over the last Paul Jr. hit the wall in turn three. three laps, a crash having brought. Then Nigel Mansell and Dennis out the yellow flag.

Vitolo collided, Vitolo's car coming out the yellow flag.

Vitole collided, Vitole's car
It was only the third time in 78 to rest on top of Mansell's.

Mansell leaped out and rolled on oder a caution flag.

- the ground, apparently in pain, but
Penske, who took advantage of a walked out of the infield hospital

Mario Andretti, who will retire. made a big stakes gamble by put-ting millions of dollars into the at the end of the season, went out copment of the Mercedes en- with ignition trouble after a lengthy

The first yellow was when rookie \$1.2 million, came Sunday as the Dennis Vitolo made a 360-degree 32-year-old Unser gave Penske his spin but did not make contact with record 10th Indy win and added the walf and kept going. On the spin but did not make contact with the wall and kept going. On the 29th lap, Mike Groff and Dominic Dobson bumped wheels and Fittipaldi, dominating the race, crashed in turn one, bringing out had a lead of more than 40 seconds. the second yellow.

#### **SCOREBOARD**

Major League Standings NATIONAL LEAGUE

Friday's Line Scores AMERICAN LEAGUE 600 001 180-2 002 009 601-3 Key, Howe 191, Wickman (9) and Levritz: California 606 096 080—6 10 8
Torento 010 000 018—2 7 1
Leftwich, Butcher 101, B.Patterson 101.
Grothe (9) and Turner; A.Letter, Brow (6).
Williams (8) and Barders, W.—Leftwich, 3-4.
L.—A.Letter, 3-4.
Defroit

L—A.Leiler. 3-4.

Detroit 000 002 000—2 7 0

Minnesota 601 802 28x—5 7 0

Beicher, S.Davis 181 and Kreuter, Plaherty
18): Tapani, Willis 181, Guttrie 18), Apullera 191
and Wolbeck, W—Topani, 5-2 L—Beicher, 2-8,

Sv—Aguitera (101, HR—Detroil, Bautista 121,

Seattle 000 810 104—2 7 0

Milwayakce 191 000 00x—5 7 0

Bosto, Risley (8), Davis 101 and Wilson;

Eldred, Fetters 191 and Milsson, W—Eldred, 4
L—Plistey, 3-5 Sv—Fetters 121, HRS—Seat-

a. L.—Pistey, 3-2 Sv—Feiters 121, HRs—Seatile, Sveum (1), Allhroukee, Voughn 181, Surnoff (1), Votentin 127.

Boston 010 896 200—3 5 1
Texas 020 806 28x—4 1 2
Clemens-Frohwirth 17), Howery 17), K. Ryon 17) and Berryhill; Falordo, Hone-cutt 181, Corporter (8) and Rodribuez, W—Folordo, 1-0.

L—Frohwirth, 0-1, Sv—Carpenter 13), HRs—Boston-Berryhill (3), Texas, W. Clork 181, NaT10NAL LEAGUE
Colorado 980 100 801—2 6 0
Abantreo 980 100 801—2 6 1
Painter, Maare 16), Harkey 177 and Girardi; White, Ralas (7), Weiteland 191 and Webster, Spetz (9), W—White, 1-0, L—Pointer, 0-2.

Sv—Weiteland (4), HRs—Colorado, Galarropo (17), Kingery 11),
Clincinnat) 991 810 000—2 8 3

Cincinnat) e01 e10 000—2 B 3 Verw York 23) 028 e2x—18 13 2 Pugh, Schourek (41, Spradin 181 and Der-setts Smith and Hundley. W—Smith 3-5. Sett: Smith and Hundley, W—Smith 35.
L—Pugh, 3-3. HRS—Cincinnoft, Boone (5).
New York, Rivera (3), Hundley (9).
Calcage 80; 801 802—2 8 2
Alfanta 951 081 802—7 11 0
Morgon, Otto (3), Buillinger (5), Plesse (7)
und Wilkins; Moddux, Bedrosion (8), McMichoel (7) ond J.Loeez, W—Moddux, 8-2.
L—Morgon, D.A. HR—Albanta, Justice (7).

L—Morgon. 0-6. HR—Allanda. Justice 17).
Houston 948 902 290—4 8 1
Philadelphia 949 011 1999—2 7 0
Reynolds. Edeus (8), Hampina (8), Veres
(9), Mil.Williams 191-, Hudek 191 and Servols;
Boske. Borland 17), Andersen 18), Slocumb
191 and Daulina W—Reynolds. 3-1, L—Boskle.
1-2, Sy—Hudek 151, HRS—Houslan, Finley 18).
Servols 14), Philadelphia, Daulina 1111,
Flanda 91 000 299—3 6 0
500 Francisca 90 949 902—4 8 8
Weathers, Aquina (1), Muis, (6), Nen 161
and Samtingo, Tarres, Menendez 17), M.Lackson (9), Beck 191 and Masswaring, W—Tarres.

and Santilogo | Torres. Menesobe 17). M. Jackson (0). Beck 191 and Maswaring. W—Torres.
2-2.L—Weathers.5-3. Sv—Beck 1101. HR—San
Francisca. Potterson 11).
50. Louis 500 500 100—4 1
5an Olega 504 400 90x—3 14 0
Towksburv, Everspeed 151, R. Radriguez
11) and Pognezzi; S.Sanders. Ellioti 171. Haft-

mon 191 and Ausmus, W.—S., Sonders, 2-2.
L.—Towksbury, 8-2. Sv.—Hoffman 11),
HRs.—St. Louis, Gilicey 141, Pognozzi 131. San
Diego, P., Clark 141.
Pittsburgh 908 906 904 1—5 10 2
Los Angeles 910 281 908 2—6 13 9
Till immings)
Lieber, Hope 161. R.Manzanitia 161, White
110), Dewoy 1101. Balland 1101 and Slaught;
R.Marlinet, 7d. Wattreil (91, Osuna 1101 and
Ca.Hernondez, W.—Osuna, 2-4, L.—White, 1-3,
HRs.—Pittsburgh, J.Bell 141, Van Sivke 14).
Los Angeles, Karras 161.

Saturday's Line Scores

AMERICAN LEAGUE Oakkand 006 006 200—2 5 2 Cleveland 111 010 80x—4 7 0 With Horsman (6), Taylor (7), Eckersley (8) and Steinboch: Cinra and Pena, W—Clark, 5-1, L—With, 4-5, HRs—Oakland, Aldreie (4).

California 900 300 010—4 1) 1
Terpario 940 182 (22x—7 15 1
Langston, M. Leiher 17). Letteris (8) and
Fobregas; Guzmon, Holl 19) and Knorr.
W—Guzman, 5-5 L.—Longston, 2-3. HR—Toronia, Schafeld 11).
Builtaner 900 902 900—2 6 0
Chicope 904 10 28x—6 12 0
McDanold, T. Bollan (3), Williamson (6),
Poole (77. Avillis (8) and Halfet; Bere, Cook 16).
McCaskill (8), RHernandez (9) and LoVallere, Karkovice (77. W—Bere, 6-1. L—McDood, 6, 8-1. HR—Chicodo, Thomas 119).
Seattle 902 908 903—5 7 3
Milwauker 928 103 16x—7 7 8
Cuntralins, J.Netson (6), Avoia (8) and
Milsson, W—Bores, 4-4. L—Cumminss, 1-1.
Sy—Fetters (3), HRS—Seattle, Sola 13), Grilley Jr (22), Amoral (4),
New York (8) 900 902 2—3 10 8
Kansas City 908 909 90-3 8 1

(10 kmings)
Perez, Hilchcock 101, X.Hernandez (91.

Perez, Hilchook 101, X.Hernandez (91. Howe 110) and Levritz: Mitacki, Magnante 171, Pichardo (01. Manhpamery 19). Belinda 110). Brewer 1101 and Movne. W—X.Hernandez, 3-2. L—Manhpamery, 0-2. Sv—Howe 141. NRS—New York, Levritz (9). Baston 12). Beston 090 000 101 1—3 8 0 Texas 100 000 100 6—2 8 0 (70 hannes)

Finvold, K.Ryon 10). Harris 191. Russell 110) and Rowland. Valle 181; B. Hurst. Howell (7). Other 10). Whiteside (8). Honeyout (7). Carpender (9) and Rowlands. W—Levrity (9). Carpender (9) and Rowlands. W—Levrity (1). L—Carbenter, 2-2. Sv—Russell (11). HRs—Baston, M. Voughn 1121. Taxas, Canseco 1111. Vaustru 1121. Taxas, Consetto 1111.
Detruil 004 603 361 6— 9 13 3
Alianesuto 015 000 601 1—10 16 1
ITO inminsts)

Kruseer, Boever 131, Geharris 151, Groom (61, Gardiner (71. Hermeman 191 and Flaherty and Kreuter 16); Destraies, Stevens (61, Willis, 16), Guthrie 191 and Ports and Walback 1101. W—Guthrie, 3-1, 1—Heaneman, 1-1, HRs—Minnesota, Mack (4); Delrail, K.Glbson 2 19). Felix 12). NATIONAL LEAGUE

NATIONAL LEAGUE

Cincinenti
110 001-4 12 1

New York 000 202 81x-5 9 1

Smilev, Ruffin 181 and Derzett'; Linton, Macidum 14), Mantzanillo 181, Franco (S) and Stinenti,
W-Maddeu, 1-0. L-Smiley, 4-6. Sy-Franco
(11), HRs-Cincinenti, Altheli 1121, N.Y., BonIlla (8), Kerri (11), Thormson (10),
Colorado 001 000 010 1-3 0 1

Montresi 810 000 100 8-2 5 2

(18 Inninos)

Montree! 810 600 100 8-2 5 3
(18 Inninots)
Freeman, Reed 19), Ruffin (81, Bottenfield
(10) and Sheotler, Girard (9): Martinez, Weileiand (8), Scatt (101, Show (101 and Fietcher,
Webster 19), W-Ruffin, 2-1, L-Scott, 1-2.
SV-Battenfield (1), HR-Montreal, Flayd 121,
Florida 001 602 101-3 7 8
San Francisca 600 101 300-2 8 2
Rasp, Aquino 161, R.Lewis (7), Y.Percz (7),
J.Hermandez 10) and Santiasor Portupol,
Burba (71, Gotnez (9) and Manwaring, Surfamez 10) and Schlissor Pos Burba (7), Gomez (7) and Manw W-J.Hernondez 3-3 L.-Gomez 8-1. Chicago 910 120 272-9 Atlanta 900 100 189-2

W—J.Hernondez, 3-3. L—Gomez, 5-1.
Chicago 2910 129 272-9 14 0
Atlanta 900 100 100 100-2 9 8
A.Youngo Otto (77, Bourtsto 19) and Parents
Mercker, Bleickul 19). Stanton (77, Multil 19)
and J.Lanez, W—A.Youngo 23, L—Mercker, 3-).
HRs—Chicago, Zambrana (5), Roberson (1),
Houslay 200 301 119-7 13 0
Patitodelphia 013 901 900-5 14 1
B.Williams, Edens (71, Handrian 18), ToJones (9) and Esebio; On.Jockson, Carter
(77). Bertland (77, Wellz (9) and Daulton.
W—B.WIIIGans. 1-2. L—Carter, 9-2. Sv—Yo-(7). Berland (7). Well's (Y) and Doublet.

W—B.WINGIRS. 1-2. L—Curter, 0-2. Sv—To—
Jones (11. HR—Philodelphia, Incovigilia (9),
St. Louis paq 606 802—8 4 6
San Diego 606 829 25%—8 1
Wofsort Habrant (7). Murphy (7), Aracha

(6), Ellioti (0) and Ausmus, W-While 5. L-Watson, 2-1. Lts Angeles 196 960 190—2 12 0 Noctic, R.Whute (7), Cooke 19) and Parrish; Astacle, Wayna 141, McDawell (7), Drellori 191 and Herstandez, W—Neople, 5-5, L—Asta-

The Michael Jordan Watch

SEASON TO OATE: Jordon is betting 209

134-for-1631 in 44 games. He has 27 singles and seven doubles. He has driven in 21 runs, stolon 14 bases in 21 attempts and struck out 68 limes. He has walked 14 times and scored 12 runs. Defensively, Jordan has 64 pulouts, one assist and five errors in right field.

Salurdor's Results Yomlar) 7, Hiroshima 4

Setou & Orix 2 Daiel 9, Nippon Hom 4, 10 imings Kintetsu 7, Lotte 4

INTERNATIONAL FRIENCLY
lary 2 Fining 0
Netherlands 3 Scotland 1
U.S. 1, Greece )
Swiss 2, Liechlenstein 0
Germany 0, Ireland

KIRIN CUP

ARICHES COMPANY

WORLD CUP

## THE STATE OF THE S

Saturday's NBA Result

EASTERN CONFERENCE FINAL New York jeads series 2-1

New York leads series 2-1
New York: Ookley 4-1247-12. Smith 3-6-2-8.
Swing 0-10 1-4 1. Horper 2-5 1-44. Stort \$2-87-72
12. H.Dowts 44-0-17. Messon 3-4-5-4-11. Antitiony
2-6-1-3.5. H.Williams 2-3-0-9.4. Blackman 8-2-0-9.
Bonner 0-80-9-8. Goines 0-90-9.0. Totals 22-44
27-37-68.
Indicate: O.Dowts 5-10-0-0-10. McKey 6-11-3-4
15. Smits 7-10-0-14-Miller 5-10-4-14. Workman
4-6-4-12. Fleming 9-1-0-0. Scott 2-8-3-6-7.
A.Dowts 1-4-6-10-8. K.Williams 9-1-2-2, Conner
1-2-2-4. Thompson 1-2-0-2. Millichell 0-0-0-0.
Totals 22-65-24-2-8.
3-Point pools—New York 3-10. (Harper 1-1,
I.Dowts 1-2. Starts 1-4. Anthony 9-3). (Indicate

3-Paint goois-New York 3-10 (Horper 1-), H.Davis 1-2, Starks 1-4, Anthony 9-3), (adiona 9-3 (McKey 9-1, Miller 9-1, Scott 0-11, Re-hoends-New York 46 (Oakley 9), Indiano 57 (A.Davis 10), Assists-New York 15 (Anthony 4), Indiano 24 (Workman 7). Total fasts-New York 30. Indiana 33. Technicols-Indiana

HOCKEY Friday's NHL Result

#ASTERN CONFERENCE FINAL
New Jertey 0 0 1 8 9M.Y. Ronners 0 1 0 0 1N.Y. Ronners with series 4.1
First Period-None. Panetics-None.
Second period-1, New York Leetch 6
Graves Messier), 9:31. Penolty-Lemieus
1 (Interforence), 12:13.
Tild Period-2, New Jersemieus, Richert
(att-

First overtime—None. Penalties—Non Second grantime—J. N.Y. Rongars, Mat lew York 11-)1-6-15-5-46; power-play oppor-willies-New Jersey & oil 1; New York & oil 1; polites-New Jersey, Brodeur, 8-9 (48 shots-& soves). New York, Richter, 13-4 132-31).

Tour of Italy

raits Saturday in the seventh slope, 119 leters (719 Miles) beginning and ending 1991: 1, Laudstino Cubino, Spain, Kelme

Avionce, 2 hours, 56 minutes, 12 seconds or field, guiffelder, and Byron Harvey, ethicler, 40.521 keh (25.377 mph); 2. Akichele Coopitalia, tran 15-day-disabled kit. Orificaed Carl Everitoly, Navigare Blue Storm, I second behind; officialists, is Edmandon, PCL, Designated 3. Fablon Jeker-Settzerland, Castoroma, St.; Orseles Destrude: 1st baseman, lor assignment, 15.5 Georg Petitodi. Intr. Navar Petitodi.

Holv, Navigore Situs Storm, I second behind;

3. Foblom Jeker: Setterriond, Castoromo S.L.;

4. Foblo Bordenoli, Italy, Bresciolot Refin Coromics 1.1.3. George Pelificoli, Italy, Team Poli, S.L.;

5. Andrea Chiuroto, Italy, Marcatone Jino Alected Borrioli, Holy: Anarcatone Jino Alected Borrioli, Holy: Anarcatone Jino Alected Hold: S.C.;

5. Alcheie Borrioli, Holy: Anarcatone Jino Alected Jino;

5. Borrioli, 10 seconds behind.;

6. Andreo George Side Holds. \$2.;

7. Alcheie Borrioli, Holy: Anarcatone Jino Alected Jino;

5. Alcheie Borrioli, Holy: Anarcatone Jino Alected Jino;

5. Alcheie Borrioli, Holy: Anarcatone Jino;

6. Alcheie Borrioli, Holy: Anarcatone Jino;

7. Alcheie Jino;

7. Alcheie Jino;

8. Al

segrande, Italy, Mercatane Una Medeshini 2:55; 9, Massima Pademana, Italy, Navigan Blue Storm, 2:17; 10. Mareno Arventin, Italy, Gentiss Bollon, 2:19.
Overall Standings; 1, Berzin, 21 hours, 22.
minutes, 11 seconds; 2, De Los Cuevos, Castoromo, 2:16 behind; 3, Busno, 2:38; 4, Missel Indurals, Sooia, Bonesto, 3:39; 5, Marco Giovanetti, Italy, Macel Clas, 4:20; A, Proncisco Coscaranda, Italy, Mercurione Una Medeshins, 5:30; 7, Belly, 5:24; 8, Power Tankov, Russid, Lamene Privario, 6:39; 9, Stefano Della-Sonta, Italy, Mapel Clas, 4:19; 14, Massima Pademrana, Italy, Navigare Blue Storm, 8:25. Blue Storm, 3:17; 10. Moreno Arventia, Italy,

FRANSACTIONS

BASEBALL

American League
BALTIMORE-Signed John Coppinger BOSTON—Sisned Peter Munico, ottcher, CLEVELAND—Bought contract of Ruben Amoru, outfielder, From Chartotte, IL. Oplianed Herbert Petry, 1st buseman, to Charlotte, Recalled Matt Turner, Pitcher, from Charlotte, each set him as 6-bay disobled list. DETROIT—Pur Mill Cuyler, outfielder, on 15-day disobled fist, Recalled Desay Bouttsto.—outfielder, from Tolerolo, II.

15-day disabled list. Reculted Downy Boulista-outlielder, from Toledo, IL.

MILWAUKES—Activated Dorryl Hamilton.

outlielder, from 15-day disabled fist. Optioned Troy O'Leary, outlielder, to New Orleans. AA.

Rational League

CINCINNATI—Signed Kartin Moos, out-fleder-infielder, to minor-leasue controct and assigned him to indicrepolis. AA.

FLORIOA—Prameted Prank Reberger, bullers cooch to pitching cooch, and Bob McClure. bulleen carcher and assistant cooch, to buspen cooch. Activated Gary Shel-

eff, outflielder, to Edmanton, PCL. Designated Oracles. Destroute: 1st baseman. for assignment. Receited Gree Colbrum, Inflielder, from Edmanton, Optioned Gree O'Holloron, Inflielder, to Portland, EL., L.A. DOGE ISS.—Activated Todd Worrell, Dricher, from 15-day disorded list, Optioned Omor Dool, Pitcher, for Abbrauserust, PCL. Put Dave Homesen, Inflielder, on 15-day disorded Greev Ingrano, Inflielder, from San Artunio, TL. Parallel (Ingrano, Inflielder, from San Artunio, TL. Ingram, Infielder: from San Anto N.Y. METS—Activated Mike

AUTO RACING

Remotés 200: 1, Al Umar-Jr., U.S., 1994 Penates.
Mercades. 200 lond, degroes aboed 160,872.
mph (224,828 koh), morable of Victory 8.6 years,
onds.) 2. Jongues Villencove, Connote, 1994,
Revpord-Ford, 200, 3. babby Renhot, United ,
Stope. 1973 Penate-Jisnor, 1992 d. Jisnoy
Vosser, U.S., 1994 Loto-Ford, 1997, 18, Jisnoy
Vosser, U.S., 1994 Loto-Ford, 1997, 18, John
Andretti, U.S., 1994 Loto-Ford, 1997, 2. Michael
Padesti, U.S., 1994 Loto-Ford, 1997, 7. Edder
-Chowier, U.S., 1994 Loto-Ford, 1997, 18, John Anderti, U.S., 1994 Loto-Ford, 1977, 18, John Anderti, U.S., 1994 Loto-Ford, 1996.
Shahalett, CDARNO Delty.

SPANISH GRAND PRIX
Results Sunday on the 4.74 chantens (1.25mile) Cotolean Circuit, a total of 386.535 kitymiles (171.727 miles) in Perceiona; 1, Oct. mon Hill, Britain, Williams Renout, 65, 1" hour, 36 minutes, 14,474 seconds, 192,366 kph (119.556 moh); Z. Michael Schomach many, Benetion-Ford, 65, 24,146 sect hlod: 3: Mark Blundett. Britole. Trirett-Yo-monto. 65. 1 minute. 26.967 seconds behind: 4. Jeon Alest, France, Ferrari. 64: 5. Pier-Lolpi Martifit, Italyi, Mimordi-Ford, 64: 6. Eddle Ir-vine, Britole., Jordon-Hort, 64: 7. Olvier Pants. France. Ligher-Resourt. 62: 9. Assambra Zanordi, Italy. Lotts-Mayen-Hando. 62: 10. Dovid: Brothom, Australia. Statek-Ford, 61. Divers standints (offer 5 races): U. Scha-macher. 46: Solutsi. 2. Hill. 77: 3. Gerbard Berser, Austra, 10: 4. Alest. 9: 5. Rubens Bor-richello, Brazil. 3: 6 (tie.), Nicota Larini, Italy. Cod Martin Bruckle. Britain. 6: 8 (tie.), Mikea. richello, Brazil, 31 & (Mel, Micola Larini, Holy, one Martin Bruodle, Britain, 6; \$ 11th, Mika Hokkimen, Finkand, Ukya Kadayamia, Japan Kari Wendinger, Austria, and Blandell, 4. Casstructors: 1, Benetica, 46; 2, Ferrya, 25; Williams, 17; 4, Jordan, 17; 2, McCaren, 19; 4. Tyrrell, 8; 7, Santar 6; 8, Footwork, 3; 11le 1, Allacrell, 3; 16, Larrousse, 1,

## DENNIS THE MENACE



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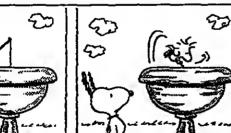
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#### **PEANUTS**

GARFIELD

BEETLE BAILEY





















SEETLE, YOU BROKE

THIS WINDOW,

בעסץ דאקום









WIZARD of ID

I READ

SOMEWHERE THAT THE

HUMAN BODY IS ONLY WORTH SIXTY-SEVEN











THE FAR SIDE



"So George says, Tm goln' over there and lellin' that guy to shut that equipment off? ... So I said: "George, that guy's a mad scientist. Call the cops. Don't go over there alone.' ... Well, you know what George did."







# **SPORTS**

# Indians Roll Over The A's

Jack Morris, backed by four nome runs, struggled but won his third straight decision Sunday as the Cleveland Indians beat the Oakland Athletics, 7-5, for their ninth consecutive home victory.

The streak is the Indians' best at home since they won 13 in a row at Cleveland Stadium in 1965. The corrent streak was interrupted by a 2-4 road trip.

Oakland, swept in a series for the 10th time this year, has lost four straight and 31 of its last 37 games. The Indians hit eight bome runs in the three-game series, all with the bases empty. Paul Sorrento.

#### AL ROUNDUP

Sandy Alomar, Kenny Lotton and Jim Thome homered off rookie Mi-

Lofton, who had three hits, has hit safely in 25 of his last 26 games. Alvaro Espinoza also had three hits

Morris allowed four runs - one of them uncarned - and seven hits in five innings, striking out four

Paul Shuey pitched one inning for his second save. He gave up Brent Gates' RBI double. In the first inning, Jimenez covered first on Carlos Baerga's

grounder, but the throw from Troy Neel got past him, letting Espinoza Three innings later, Morris bounced a short throw past the plate trying to stop Terry Steinbach from scoring on Scott Brosius'

squeeze bunt, momentarily giving Oakland a 4-3 lead. The Indians went ahead 5-4 in the fifth on Lofton's home run, his seventh, and an RBI single by Al-

Blue Jays 5, Angels 6: Todd Stottlemyre pitched a four-hitter and Roberto Alomar hit a two-run bomer Sunday, lifting the Toronto to a home-field victory over Cali-

Stottlemyre, who hadn't pitched more than 615 innings in his six previous starts this season, struck out five and walked three in his first complete game. It was his fourth career shutout.

Chock Finley gave up five hits and struck out seven in pitching his third complete game this season. losing for the first time in five

.....

Devon White reached base on Damion Easley's throwing error to start the first and Alomar followed with his fourth homer, sending Finley's 1-0 pitch to left for a 2-0 lead. Pat Borders bit his first home run



Mary Pierce, who has lost only four games in four matches, after drubbing Amanda Coetzer.

of the season, a solo shot to left in the second to make it 3-0. In games played Saturday

Yankees 5, Royals 3: Three itches after accidentally hitting plate umpire Dave Phillips with his at and causing a concussion, Jim Legritz hit a home run in the 10th inning to give visiting New York its fourth straight win.

Leyntz hit Phillips in the head with his backswing, and the umpire sustained a mild concussion and bruised left temple.

Pinch-hitter Daryl Boston's two-run homer off Royals closer Jeff Montgomery had tied the game in

Jays 9, Angels 4: Dick Schofield hit his fifth career grand slam and first home run in almost two years, leading the Toronto Blue Jays, playing at home, over the Califor-

nia Angels.

Ed Sprague started the second inning with a walk, Mike Huff douloading the bases against Mark straight game to help the White Sox and ninth imnings for the visiting Langston. Schofield hit the next to their seventh straight win. Tigers, who rallied from an 8-2 defpitch for his first homer since Sept. 29, 1992.

Cleveland Indians beat Oakland for their eighth straight home win. The A's lost for the 30th time in

Clark blanked the A's oo three its until the seventh inning, when Brent Gates singled and Mike Aldrete hit his fourth home run. Aldrete had entered the game in the fifth after Ruben Sierra strained his Rodriguez doubled home the gohamstring rounding first on a sin-

Brewers 7, Mariners 5; B.J. Surhoff drove in three runs and Ricky Bones snapped a mooth-long losing skid for the Brewers.

Dave Nilsson went 4-for-4 as ilwaukee, at bome, beat the Mariners for the second straight time after losing a club-record 14 consecutive games. Booes, who last won on April 24 against Kansas City, gave up six hits in eight-plus

White Sox 6, Orioles 2: Frank

Thomas hit his 19th bomer and Julio Franco drove in three runs as Indians. 4, Athletics 2: Mark the White Sox won for the 10th game in his last four starts and largest crowd in four seasons at the Carlos Baerga homered as the new Comiskey Park

The winning streak is Chicago's longest since it won seven straight

from Aug. 4-11, 1991. Ben McDonald (8-3) failed to become the majors first nine-game winner, giving up three runs and four hits in 2% innings - his shortest outing this season.

Red Sex 3, Rangers 2: Carlos ahead run in the 10th inning for the visiting Red Sox, who were held hitless by Bruce Hurst until Mo Vaughn homered with one out in

the sixth. Boston tied it in the ninth on like Greenwell's double off Rick Honeycutt. Cooper led off the 10th with a single, moved to second on Dave Valle's sacrifice bunt and scored when Rodriguez doubled down the right-field line.

Twins 10, Tigers 9: Rookie Steve Dunn's two-out RBI double in the 10th inning helped the Twins over-come two homers by Kirk Gibson.

icit to take the lead before the Twins tied it at 9 in the ninth. In the 10th Dunn, batting only

Clark pitched his third complete time in 11 games before 43,589, the .194, drove a Mike Henneman pitch over the head of right fielder Junior Felix.

# Pierce Lays Claim to 2 Records On Way to French Open Victory

Graf and No. 12 Mary Pierce came a step closer to a semifinal showdown with devastating fourthround victories Sunday at the French Open, Pierce smashed two records in the process.

The men's top-seeded Pete Sam-pras, two-time champion Jun Courier, defending champion Sergi Bru-guera and fourth-seeded Andrei Medvedev gained the quarterfinals. Bruguera, seeded sixth, blew by Australian Patrick Rafter, 6-4, 6-3, 6-1, to set up a quarterfinal with Medvedev, who beat Jacon Eltingh of the Netherlands, 6-4, 3-6, 6-4, 6-1. Sampras lost a set for the first time in his four matches, but collected himself to defeat Mikael Tillstrom, 6-4, 6-4, 1-6, 6-4. He will next play Courier, the Nn. 7 seed, who came back from 1-5 in the

7-6 (8-6). Graf, a heavy favorite to win her fourth title, crushed unseeded Irina Spirles of Romania, 6-0, 6-1, yielding only 19 points.

fourth set to outbattle Olivier Delaitre of France, 6-1, 6-7 (9-7), 6-1,

Pierce, based in Florida but play ing for France, routed a more formidable fee, South Africa's Amanda Coetzer, 6-1, 6-1.

Pierce has lost only four games in four matches and won her 21st straight at 40 in the first set before

Coetzer snapped the streak. Both are modern French Open records. To meet in the semis, Graf must get by 36th-ranked Ines Gorrochategui of Argentina and Pierce must

beat 103th-ranked Petra Ritter of

Austria in quarterfinals Tuesday. The other quarterfinals match No. 2 Arantxa Sanchez Vicario against France's Julie Halard, and No. 3 Conchita Martinez against No. 16 Sabine Hack of Germany.

Sánchez Vicario beat erroragued Anke Huber of Germany, 6-2, while Martinez won, 6-1 6-2, over 246th-ranked Alexia Dechaumo Balleret of France.

Halard, who had never survived the third round in seven previous French Opens, upset seventh-seeded Natalia Zvereva of Belarus, 7-6 2), 7-5. Ritter also reached her first Grand Slam quarterfinal with 27-6 (7-2), 4-6, 6-0 win over Romania's Ruxandra Dragomir.

Hack beat the last U.S. woman in the field, Shaun Stafford, 6-4, 6-2, while Gorrochategui downed Iva Majoli of Croatia, 7-5, 6-4.

Coetzer, ranked 18th in the repeatedly rocketed ground strokes and service returns out of her

'I didn't make very many mistakes," Pierce said. Graf, while refusing to speculate

on a semifinal with Pierce, said, She has all the shots to come to the top, Sanchez Vicario had little trou-ble nusting the 11th-seeded Huber, who committed 45 unforced errors.

Even a bad fall in the sixth game of

the second set didn't slow the 22year-old Spaniard, who along with Pierce is considered one of the few serious threats to Graf. Huber, now 1-7 against Sánchez Vicario, reached the semifinals here last year before losing to Graf. Neither she or Sánchez Vicario had lost a set in the first three rounds, and their match was the only one of 16 fourth-round contests in the upset-

sceded players. On Saturday, in the conclusion of men's third-round play, five match-es were decided in five sets, two involving fourth-seeded Goran Ivanisevic and Nn. 8 Michael Chang. By day's end, only one seeded

riddled tournament to pair two

player, Ivanisevic, was left in the bottom half of the draw. In one of his best comebacks. vanisevic overcame Spanish claycourt expert Alex Corretja, 6-7 (7-3), 3-6, 6-1, 6-2, 6-3. Chang engineered one of his patented five-set rallies but fell short against Peru's Jaime that finished 6-2, 6-3, 5-7, 1-6, 7-5.



# A Courier-Sampras Showdown: The Start of Something Grand?

By Ian Thomsen enal Herald Tribun

PARIS — It was the kind of match that has rained others in Jim Courier's league this week. The crowd was French, vocally picking up and dusting off its French underdog and patting him on the back, and with spectators' guid-ance the momentum drifted back and forth between players like a long, lazy rally: Courier was going

lo win; Courier was going to lose. But the voice of a crowd on Center Court at Roland Garros is made up of 17,000 parts, and perhaps Courier didn't notice, at the time, that the crowd really didn't want him to lose. It seemed to be cheering on the 76th-ranked Olivier Delaitre io order to give Courier a

good ribbing In four years here, Courier has never looked more human. He is missing the shots he used to make and it is like watching a smile form across the face of Mr. Spock. He fell behind by four games, then recovered five in a row to serve for the match - but he bungled that,

When he finally won in a tie-breaker — by 6-1, 6-7 (9-7), 6-1, 7-6 (8-6) — they all stood and gave him a cheer that was not unlike mussing his red hair. So he left slightly bumhled but knowing — counting on it — that they will all be pulling for him in the quarterfinal when he plays the world No. 1, Pete Sam-

Looking forward to it," Courier said. "It is the match I wanted to play since I saw the draw. It will be

Before his own fourth-round match later Sunday, Sampras apeared in be approaching invincibility. He has wan the last three Grand Slam events and is trying here to become the first since Rod Laver in 1969 to bold all four titles at once. Anyone who might have threatened him was fended off as if by bodyguards — Henri Leconte, a possible third-round opponent who has given Sampras terrible problems in French stadiums, was that this will be their first meeting this surface, in front of this crowd. knocked out in the first round by Paul Haarhuis, and then Sampras beat Haarhuis in straight sets; and Richard Krajicek, the 16th seed, who figured to worry Sampras no Sunday, was knocked not in the slightly less effective on this court. I mings of a beautiful rivalry,

#### Singles Results at the French Open SATURDAY'S RESULTS

Andrea Gaudenzi, Haly, del. Arnoud Boelsch. France. & L. 2-1, retired. Headrik Dreekman, Germany, det, Richey Renobers, U.S., 44, 34, 64, 64, 64 Magnus Larsson, Sweden, det, Todd Martin 19, U.S., 67, 15-7), 63, 64, 14, 62, 63 Garan Iyanisevic (5), Creatia, def, Alex Car-retin, Spein, 6-7 (3-7), 3-6, 6-1, 6-2, 6-3, India Vista, Spein, 6-7

Acres Receives U.S. del. Recommir Verset, Crack Republic 6-3, 1-4, 6-3, 6-3, Javier Franci, Arauntino, del, Mork Wood-forde, Australia, 6-4, 7-4, 6-4, 4-10-8, Women Singles, Third Rapad Aranton Soncheo-Victorio (2), Spots, del. Bar-

(P), U.S., 6-4, 6-2, Anke Huber (11), Ger Georgio, 6-1, 6-4, Shown Stafford, Gal

SUNDAY'S RESULTS France, 6-1, 6-7 (9-7), 6-1, 7-6 (8-6)

Coetzer, South Africa, 6-1, 6-1 Sabtre Hack (16), Ge ford U.S. 64 62. Stell Graf (1), Ge

which might have forced him into a fifth unwanted set. As it was, Sam-

June, when Courier — anticipating a third straight French Open title - was shocked by Sergi Bruguera of Spain in the final. Within a month he was losing the final at Wimbledon to Sampras, and Sampras now appears married to Courier's former No. 1 ranking. Two as stable at No. 1 as Sampras is on clay, and that it comes in his favorite tournament.

"It should be extra interesting. It should," Courier said. "His serve is have momentarily escaped Courialways effective, but it will be cr? These are still just the begin-

previous round by Mikael Till- am hoping unless he serves 100 stroem of Sweden, a qualifier percent first serves. So I will get a nked Nn. 226. chance to play and that is all I. Against this backdrop Courier really ask for against anybody I might have appeared especially play is to just give me a chance to vulnerable, but then Sampras, un-play and so what I know how to do willing to finish Tillstroem early, and we will kind of put our cards had to fend off four break points up against each other and see who

At midpoint, the tournament repras won by 6-4, 6-4, 1-6, 6-4: un- mains in orbit around the two of convincingly in one sense, but also them. In the women's event, No. t confidently — in that he won the Steffi Graf is awaiting a semifinal points when he had to win them.

Challenge from No. 12 Mary Pierce, This has been the growing differ- who has lost four games in four ence between Sampras and Courier matches. In the bottom half of the ever since this tournament last men's draw, No. 5 Goran Ivanisevic is the only surviving seed: while No. 5 Bruguera and No. 4 Andrei Medvedev will meet for the right to play, and perhaps exploit the ex-haustion of, the winning rival among Sampras vs. Courier.

Just 18 months ago, Courier was Even if Sampras wins, you have to ask, how long will be maintain the singular commitment that seems to

# Els Holds Lead

The Associated Press VIRGINIA WATER, England - Ermie Els of South Africa increased his lead to three strokes Sunday with three rounds of the European PGA Championship having been played, but a late charge put defending champion Bernhard Langer back into conten-

Langer birdied the 17th and 18th boles to card the best round of the day, a 5-under-par 67, giving the German a 206 total in a three-way tie for second place with Spaniards Jost Maria Olazabal and Miguel

Angel Jimenez. Els, who built his lead with backto-back rounds of 66, overcame a double bogey at the par-4 sixth to

shoot 71 for a 209 total. Olazábal carded a 71, also with

cord of 197.

# SIDELINES

The Mets' Kelly Stimmett slid safely into first as Reds' pitcher John Smiley and first baseman Hal Morris fumble for the ball.

In European PGA
Copiad Wins Trotting's Elitloppet
STOCKHOLM (AP)—Swedish-bred Copiad, battling Pine Chip head to head on the last lap, won Sunday's Elitloppet mile race while the U.S. trotter broke stride and was disqualified. France's Abo Volo finished second, with Shan Rags of Norway in third

place. The victory gave Copiad the Nordic "Triple Crown" and extended the 5-year-old's winning streak to eight races this year.

Narita Brian won the Japan Derby by five lengths, leaving the 3year-old son of 1988 Florida Derby winner Brian's Time one victory away

#### from capturing Japanese thoroughbred racing's triple crown. Berzin Flat-Out Out-Rides Indurain

FOLLONICA, Italy (Remers) — Three-time Tour de France winner Mignel Indurain was handed the biggest time trial defeat of his career Sunday when Evgeni Berzin of Russia won the 44-kilometer (27-mile) eighth stage of the Giro d'Italia. Berzin more than doubled his overnight overall lead of 57 seconds by

covering the flatland course on the Tuscany coast in 50 minutes, 46 seconds. Armand de las Cuevas of France came in second, I minute and 16 seconds back, while Indurain trailed by 2 minutes, 34 seconds.

#### **Endeavor Sails in Whitbread Lead**

SOUTHAMPTON, England (AP) - New Zealand Endeavor, with strong winds on its more northerly route, raced into a 30-nautical-mile lead Sunday on the final leg of the Whitbread 'Round the World Race. Scott Simpson converted a record-breaking effort into a four-stroke going into Sunday's final for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian whitbread for nearly a week by Merit Cup of Switzerland and the Italian whitbread for near

#### For the Record

Simpson put together a 6-underpar 64 and matched the largest 54.

In the Cleveland relief pitcher who had swollen lymph hole lead of the season on the PGA.

Matt Turner, the Cleveland relief pitcher who had swollen lymph nodes in his groin removed, has Hodgkin's disease, tests revealed. (AP) hole lead of the season on the PCA

Julius Boros, 74, whose easy-going style belied the competitive fire that

Tour. His 195 total broke the old

course and tournament scoring re

on a course in Fort Landendale, Florida.

(AP)

# First-Pitch Homer Paces Chicago Over Atlanta

first pitch of the game for a home run and last-minute starter Jim Bullinger gave Chicago six strong innings Sunday as the Cubs bent the Atlanta Braves, 4-2 in Atlanta. The Braves, who just before the Finley.

game announced the trade of outfielder Deion Sanders to Cincinnati for outfielder Roberto Kelly, lost four of six games on the home stand and are 12-11 at home.

during the second inning was greet- es. ed by boos from the fans at Atlanta-Fulton County Stadium. Sand- enth inning. He kept the combined ers, who was in the starting lineup. no-hitter going until Finley opened learning of the deal.

Expos 4, Rockies 3: Larry Walker bomered on Bruce Rullin's first set a team record with an RBI in his pitch in the 10th inning to give Montreal, playing at home. a 4-3 win over Colorado. Walker hit his sixth homer of the

season over the right-field wall off

Tim Scott pitched a hitless 10th for the win. Walker, Marquis Grisson and Bonilla, who drove in two runs. Moises Alou each had two hits for broke the Mets' mark of eight

Phillies 4, Astros 2: David West. making only his second start of the season, and Heathcliff Slocumb held Houston hitless until a leadoff single in the ninth inning by Steve

West moved from a relief role into the rotation after injuries deprived the Phillies of three of their starters, pitched six innings. He struck out seven and walked three The announcement of the trade before being pulled after 102 pitch-Slocumb relieved to start the sev-

immediately left the stadium after the ninth with a clean single up the middle Mets & Reds 5: Bobby Bonilla ninth straight game, and the New

York Mets bear the visiting Cincinnati Reds for a three-game sweep. The first-place Reds lost for the eighth time in nine games. Prior to Ruffin, who came in to start the the game. Cincinnati traded All-Star Ruberto Kelly to the Atlanta Braves for Deion Sanders in a swap

of center fielders. the Expos, who rallied to tie it 3-3 straight games with an RBI set by in the sixth on Darrin Fletcher's Keith Hernandez in 1986 and

The Associated Press sacrifice fly and rookie Cliff matched by Jeff Kent earlier this Sammy Sosa hit Tom Glavine's Floyd's RBI double. season.

In games played Saturday: Cubs 9, Braves 2: Anthoov Young, who set a major league record with his 27th straight loss last season, became a three-game winner for the first time in his career in

Young (3-3) began this year with a 5-35 record in three seasons, all

#### **NL ROUNDUP**

with the New York Mets. His losing streak spanned 1992-93. Young allowed one run and five hits in six

Mets 5, Reds 4: Bobby Bonilla homered and doubled twice as New York banded Cincinnati Mets handed visiting Cincinnati its seventh loss in eight games.

Ryan Thompson homered and drove in three runs for the Mets. Bonilla singled in the sixth inning and Thompson connected with two outs for his 10th bome run and a 4-3 lead. Jeff Kent hit his 11th homer for the Mets. Pinch-hitter Kevin Mitchell had a solo home run, his hitting a batter in the ninth inning, 12th, with one out in the Reds

Rockies 3, Expos 2: Joe Girardi singled home the go-ahead run with three innings.

two outs in the 10th inning for the visiting Rockies.

Dante Bichette led off the 10th with a single against Tim Scott and Charlie Hayes also singled, Bichette moved to third on a fly ball and scored on Girardi's single off

Jeff Shaw. Bruce Ruffm pitched two scoreless innings for the win. Kent Bot-tenfield got three outs for his first save. Montreal starter Pedro Martinez tied his career high with 10 strikeouts in 71/2 innings.

Marlins 3, Giants 2: In San Francisco, Chuck Carr scored the tying run on a passed ball in the seventh inning and drove in the go-ahead run with a single in the ninth.
Florida broke a three-game losing streak and ended a three-game

winning streak for the Giants. Jeremy Hernandez pitched two innings to get the victory. Astros 7, Phillies 5: Luis Gonzalez's sacrifice fly scored the go-

ahead run in the seventh inning as the visiting Astros used three re-lievers, but not Mitch Williams. Williams, who nearly blew Friday night's game by walking and warmed up but didn't get the call as Houston manager Terry Collins went to his bullpen three times in

Williams, returning to Philadelphia this weekend for the first time since being traded to the Astros in December, said Friday he expected to be released on Monday and hinted at retirement.

Gonzalez's long fly to center scored Jeff Bazwell, who had greeted reliever Andy Carter with a double and moved to third on a Brian Williams got the win de-

spite allowing five runs and 10 bits Padres 4, Cardinals 0: Wally Whitehurst combined with two relievers on a six-hit shutout and Bip

Roberts tripled in two runs for San

Diego, playing at home.
Whitehurst went five innings for the win before being lifted for a pinch hitter in the bottom of the inning because of tenderness in his pitching elbow. Pirates 7, Dodgers 2: Denny

in his career, picked up his fifth win and his first two career RBIs for the Neagle scattered nine hits and struck out seven in six-plus innings

Neagle, used primarily as a reliever

to reach a career-high in wins for a Jay Bell doubled in two runs and Carlos Garcia homered for the Pi-

# The Decline and Fall of Bertolucci's Ego

By Martha Sherrill

Washington Post Service EW YORK — So, how vast? How huge? Surely, a man who spent two decades in psychoanalysis and has surrounded nimself over the past three years with Tinetan holy men of every spiritual magnitude can answer a simple question about his ego.

Bernardo Bertolucci smiles. He tolls his shoulders around inside his blue blazer. He ingests the inquiry, sulks, smiles, sulks, then begins erupting and interrupting.
"Whoever said this — that I was an egomaniac — it's

oot true," he says, "Mavbe once. Mavbe sometime in the past. But I don't think I am an egomaniae like I was in the

He's a great director, a poet, an enchanting narcissist, a limousine Marxist, an adorer of Freud and Buddha, a lover of fabulous clothing, rakish hats, cashmere. His fat dark Rolex slips ground on his wrist. Even in the Sahara in 1989 for six months shooting "The Sheltering Sky." he dressed up every day. Making his big new \$30 million picture, "Little Buddha," in Nepal and Katmandu, he was followed around by his own private rinpoche, his own reincamated saint.

"Maybe there was a moment of megalomania," he says, "but not anymore. I lost it."

There's a smokiness about him, a smoldering of good humor, intense feeling, of a man who has never experienced a dull-hearted moment. He is tall and warm, irresistibly charming, sometimes manipulative. In the past, he has refused invitations to dinner parties unless he was the guest of honor. Actors and actresses who work with him have a tendency to fall in love with him and also to get back at him. After making "Last Tango in Paris." Marion Brando said he felt "completely and utterly violated." John Malkovich, who got along well with the director during the making of "The Sheltering Sky," called him "treacherous as a snake."

"Bernardo's not a true Communist," the Chinese actress Joan Chen said after making "The Last Emperor." a movie that won all nine Oscars it was nominated for in 1987. "He's probably a Communist for a few seconds a day, but certainly not at night."

"Everybody jokingly and lovingly says he's a megalo-maniae." Debra Winger said after finishing "The Sbelter-ing Sky." "but, my God! His ego stretches over oceans

Bertolucci does not agree. He's much better now, he says, nothing like 20 years ago, when he had his hig explosion of egotism. That was right after "Last Tango in the like th Paris," when he was 33. He had been sentenced to two months in prison in Italy — his movie was declared obsceae — and although the jail time was waived, his voting rights were taken away for five years.

To be a martyr," he says, "is such a good feeling." Hollywood was at his feet then, too, offering the pick of all the hot properties, hoping especially that he would make another "Last Tango," But Bertolucci defied them, wrote his own screenplay instead, and made "1900"; a five and a half hour epic about two friends, played by Robert De Niro and Gérard Depardieu, whose lives provide a

Marxist/Freudian interpretation of modern history. Huge subjects have never scared him. On location. Berrolucci sometimes comes out of his trailer and sees thousands of extras in costumes and wigs and makeup and his knees buckle. His legs go, He wants to disappear, he says. Sometimes he fantasizes about having



Con Wells Braze for The Washington Pos

Bernardo Bertolucci: "I don't think I am an egomaniac like I was in the "70s."

an ambulance come take him away. Or, he says. "I want to

There were 500 hairpieces flown in from London for "Little Buddha," as much an epic as any of his previous pictures. Loosely based on a true story, it tells of a young boy in modern-day Seattle who is "discovered" by Tibet-ans. They believe be might be the reincarnation of a Buddhist lama. Intercut with this tale is the story of how Prince Siddhartha (Keanu Reeves) found enlightenment 2,500 years ago and became Buddha.

To shoot the boy's story, Bertolucci worked briefly in Seattle. But to tell the ancient legend of Prince Siddhartha. he dropped millions of dollars on Nepal, hiring hundreds of drivers, carpenters, interpreters, security guards and caterers. It took two months to transform the medieval city of Bhaktapur into the location of Siddhartha's sum-

"Little Buddha" offers a sleepy sensuality, some magic and grace, and wonderfully kitschy special effects. And like Bertolucci's other pictures, it's the story of a transfor-

"It is my most revolutionary movie." Bertolucci likes to say. And it's true, "Little Buddha" is outrageously uncyoi-cal, with a sweetness and passivity that have infuriated European intellectuals.

"I know this film disconcerted a lot of people," he admits. "How can I do such a spiritual thing after all these political movies? How can I do a movie oo Buddha with Keanu Reeves? "The English reviews are the worst I've ever had. In

France and Italy, they like it, but the British, they're thinking. This cost \$30 million? Buddha? Keanu Reeves? Oh my God."

He is not a true Buddhist, he says, "just an amateur," hut he enjoys meditation, the ancient wisdom, the philosophy. With the collapse of socialism and the near-death of the Freudians. Bertolucci says he finds solace in Buddhism. During the premiere in Paris, the Dalai Lama held Bertolice's hand throughout the movie — the first time the Dalai Limahad been in a movie theater — and proclaimed it "wonderful, wonderful, wonderful," before, Bertolucci said, "he disappeared in a cloud of body-

What draws Bertolucci to all this? "I found there was no contradiction between this religion and what I already believed in." be said. "It gives me another way to be allowed to have dreams. The dreams you are no longer allowed to have with socialism. Maybe I need a utopia. I also like the idea of karma because it is very much Freudian: You know, you are the writer of your own karma. Frend says we are the writers of our destiny.

too. Anything we do, it's our unconscious which dictates." Also, he loves the Tibetans, meaning the lamas, rinpoches, monks and nuns who participated in the movie.
All but one of the lamas in "Little Buddha" are the real thing. "They have so much joy." Bertolucci said. "They're so witty. They are such a mixture of sophistication and a kind of mountain, strong, physical approach. The Tibetans were mountaineers originally, and yet were able to invent this school of logic and dialectic and philosophy which is extraordinary.

ACROSS

s Farm building

13 Opera solos

15 West Virginia

16 Sack starter

17 1970 Temmy

Med mode

#### LANGUAGE

# Pass the Bloopie Envelopes, Please

By William Safire

WASHINGTON — For those of you unable to get a seat in the white-tie endience at this year's televised Bloopie Awards ceremony, here are this year's winners. Missing is the tension felt by the advertising copywriters nominated by their peers for grammatical galles, as well as the acceptance specules. blaming sponsors who demand language that dumbs down to the lowest denominated consumer.

The yawning lion bloopie to Dreyfus Asset Alloca-tion Finad, for the headline "Some Don't Know How to Choose Between Stocks, Bonds and Money Markets. We Do." Sell short on between when that preposition, from the same root as twain meaning "two," precedes more than two items. Go long on among for three or more, especially when your motto is "survival of the smartest.

The Bloopie Awards Committee of the Lexicographic irregulars is not hung up on the rule to use between only for two when it conflicts with Norma Loquendi's rule "When among sounds funny, stick with between "Goldran Sachs, in wishing The Economist magazine a happy 150th birthday, chose to use "Between the fire, the wheel and The Economist, mankind will continue to evolve." The New Age investment bank was undoubt-odly influenced by the idiom between you, me and the lamppost, and cannot be given a bloopie for its usage,

but it's crowding the border.

The could-care-less, we-meant-the-opposite semibloopie to the Lands' End clothing advertisement for its "But we keep tinkering with it - to see if we can't improve it somehow." The meaning is "to see if we can improve it," not the opposite, but here, too, an idiom takes over. A loosey-goosey usagist of my acquaintance, chastising my occasional prescriptivism, sent me this note: "See if you can't do better than I could care less." The meanings of both are reversed; you can read that line as "See if you can do better than I couldn't care less." Don't light quirks in the language; idioms is idioms.

Which brings us to agreement bloopies. The Honda Motor Co. offers, "One day your child turns 16 and you let them borrow the keys to the wagon." One child is not them. The copywriter might argue that he — or she, as the sex may be — felt that them would be better than him or her, either of which imputes a sexist preference to the ultrasensitive. How about "One day your children turn 16 and you let them . ..." No good, unless they're twins or better. Solution: Recast the sentence a little. "One day your child turns 16 and wants to borrow the

keys to the wagon." There's always a way out. Another agreement bloopie was proposed for the Ford Motor Co., for "In each of us, there's a dreamer and a realist. But now they can share a ride." This proposal argued that they reinforced the plurality of a dreamer and a realist, disallowing a contraction of there is. It was defeated because the correction, "there are adreamer and a realist," while grammatically in agreement, sounds funny. Norma strikes again. Otto Jespersen, the great grammarian, explained the disagreement as an attraction between is and the first part of the compound subject, in this case the singular dreamer. (Jespersen's example, from Shakespeare's comedy "As You Like It," is "There comes an old man and his three

sons.") Way out: "In each of us, we can find a dreamer and a realist But now they can share a fide.

The Bauer, purveyor of deeply striped shirts made in Bauer, purveyor of deeply striped shirts made in Unfortunately, six-sevenths of life is not Saturdays.

Unfortunately, six-sevenths of life is not Saturday. making Bauer's dream a condition cootrar to face

and requiring the subjunctive "If life were Can you voice an audible? Sprint advertises its voice activated Foncard (with a macron over the C. to the us pronounce it "oh," instead of spelling it Fone by telling customers to dial "just by voicing an audicid when they are on the line. And that means 10 ices numbers to remember. You can voice an opinion, 27% a football quarterback can call an audible, but the combination stretches the verb form of voice too far. even for a Fon company, worse, it means 10 /we' numbers to remember. For the diet-conscious. Sprint's new TV ad makes the ominous offer to take 50 percent off the means of the control of

percent off the person you call most."

The dramatically misplaced modifier bloopie goes in Estee Lander for "New Advanced Suncare protects you have against the sun's most damaging rays without harsh chemical sunscreens." Are the rays without the surscreens? No; the modifying phrase belongs next to the product it modifies: "New Advanced Suncare, without harsh chemical sunscreens, protects you.

This year's capitalization bloopie goes to I Can't It is year's capitalization bloopie goes to 1 Can't Believe It's Yogurt! for urging us to "Try a lowfar Fruit Parlait featuring our Nordat frozen yogurt." This sort of crazed capitalization can be found in the Declaration of Independence, which begins: "When in the Course of human Events, it becomes necessary for one People to dissolve the Political Bands. "In the past two centuries, the trend has been to decapitalize. Even if the incredulous commany has a trademark on fruit parlait, it incredulous company has a trademark on fruit parjait. It has no reason to capitalize "Nonfat" and lowercase "lowfat." (I Can't Believe They Did That!)

"lowlat." (I Can't Believe They Did That!)

The bloopie for most permicious pronoun goes to Barneys New York, which listed under "Some of Our Favorite Things" this salute to a supposedly well-brought-up child answering the telephone: "Kids who say "Whom may I say is calling?" "Send that presentious little pedant back to calling all boys to Seventh Avenue and 17th Street, after placing the needed commas after the first "say" and around "may I say, the copywriter should quote Fauntieroy as using who, not whom because when may I say is dronped out, the not whom, because when may I say is dropped out, the question is who is calling? - not whom is calling?

The last envelope, please. The spelling bloopie to The New York Times Magazine, in an ad for an advertising supplement from the same issue as last year's Bloopie Awards, for suggesting advertisers "snuggle into something warm and eavelope yourself in the pages of 'Fabulous Furs.'" That was faux spelling, envelop is the verb, envelope the noun.

New York Times Service

INTERNATIONAL CLASSIFIED Appears on Page 23

50 "Red Balloop"

se Take out of print #2 \_\_ Linda.

64 Former Ford

#### WEATHER

# Forecast for Tuesday through Thursday, as provided by Accu-Weather. Europe North America Asia

theme 20 Spain's locale 41 French denial 21 Leske Caron 43 Lisbou's sister Solution to Puzzle of May 27

Roof" fellow 35 Literary collection 26 Weep loudly at Arctic, for one 38 Recurring

22 Hesitation

sounds

25 Swindle

as Sweet treat

Nelligan title 23 Writer Bombec 45 Big shot 47 Calendar ende Abbr. so "Fiddler on the 48 Anglo's partne 49 Tentacted sea creature 32 Ostrich's cousin 54 Author Bellow 55 Lemon drink 58 Mesdow bird 60 Drinkers' toaste 64 "Black Bottom

44 1985 Kate

Stomp\* performer er Came down 68 Christmas

**CROSSWORD** # Take it easy 7 Stander # With cunning S Visit Vail, perhaps 16 "Come Back Little Sheba"

playwright 11 Cowardly Llon portrayer 14 Helical 16 Doorway parts 24 Long, long time 26 Caan or Cagney

28 Type of rubber 29 Superior to

a Ecto or proto

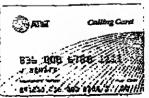
49 Panel of 12

indigenous plants

53 "1 Remer

as Partly open.

# Travel in a world without borders, time zones or language barriers.



Imagine a world where you can call country to country as easily as you can from home. And reach the U.S. directly from over 125 countries. Converse with someone who doesn't speak your language, since it's translated instantly. Call your clients at 3 a.m. knowing they'll get the message in your voice at a more polite hour. All this is now possible with ARED

To use these services, dial the AT&T Access Number of the country you're in and you'll get all the help you need. With these Access Numbers and your AINT Calling Card, international calling has never been easier.

If you don't have an AIMT Calling Card or you'd like more information on AIMT global services, just call us using the convenient Access Numbers on your right



#### ADST Access Numbers How to call around the world.

Using the chart below, find the country you are calling from.
 Dial the corresponding AINT Access Number.

To receive your free wallet card of ARET's Access Numbers, just dial the access number of

COUNTRY	ACCESS NUMBER	COUNTRY	ACCESS NUMBER	COUNTRY	ACCESS NUMBER
	SIA	italy	172-1011	Beari	000-8010
Australia	1-900-881-011	Liechrenstein	155-00-11	Chile	00a-0312
Chica, PRC+++	10811	Lithuania	84196	Columbia	980-11-0010
Guana	018-872	Luxembourg	0-900-0111	Costa Rica	114
Hong Kong	800-1111	Macedonia, F.Y.	R of 99-800-4288	Ecuador	119
India•	000-117	Maka"	. 0600-890-110	El Salvador	190
Indonesis	001-801-10	Monaco"	194-0011	Guatemala*	190
Japan"	0039-111	Netherlands*	06-022-9111	Guyana	165
Korez	009-11	Norway .	800-190-11	Honduras	
Korezaa	11*	Poland**	04010-480-0111	Mexicoada	95-800-463-1240
Maisysia"	800-0011	Portugai*	05017-1-288	Nicaragna (Ma	
New Zealand	000-911	Romania	01-800-4288	Panaman	
Philippines*	105-11	Russia"(Moscow	155-5042	Peru*	105
Seipan'	. 235-2872	Slovakia	. 00-420-00101	Suriname	191
Singapore	800-0111-111	Spaine -	900-99-00-11	Uruguay	156 00-0410
Sri Lanka	430-430	Sweden*	020-795-611	Venezuela*	80-011-120
Taiwan	0080-10288-0	Switzerland	155-00-11		RIBBEAN
Thailund•	0019-991-1111	U.K.	0500-89-0011	Bahamas	1-800-872-2881
EU	ROPE	Ukraine"	84100-11	Bermuda*	1-800-872-3851
Armenia**	8-14171	MIDE	LE EAST	British V.L	1-900-872-3981
Austria	022-903-011	Bahrain	800-001	Cayman Islands	1-800-872-3981
Beigium"	0800-100-10	Cyprus*	080-90010	Grenada*	1.900.072-381
Bulgaria	00-1800-0010	israei	177-100-2727	Hain*	1-800-872-3881
Croatia'+	99-38-0011	Kuwait :	800-288	Jamaica**	001-800-972-3863
Czech Rep	00-420-00101	Lebanon (Beirut	426-801	Neth. Antil	0-800-872-3881
Denmark*	8001-0010	Oztar .	0800-011-77	St. Kitts/Nevis	001-800-872-2881
Finland*	9800-100-10	Saudi Arabia	1-800-10		1-800-872-3881 FRICA
Prance	194-0011	Terkey*	00-800-12277	Egypt (Cairo)	
Germany	0130-0010	UAE	800-121	Gebon*	510-0200
Greece*	00-800-1311		RICAS	Gambia	004-001
			001-800-200-1111		00111
Rungury	004-800-01111	Argentina+		henya	0800-10
iceland*s	999-001	DCB2CT .	555	Liberia	797-797
ireland	1-800-550-000	Bolivia*	0-800-1112	South Africa	0-800-99-0123